

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on February 17, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Conferees appearing before the committee:

Bill Moore, President/CEO of Westar Energy
Emily Compton, President/CEO for Goodwill Industries Easter Seals of Kansas Inc.
Mark Nichols, Regional Manager, State Government Affairs, Koch Industries
George Fahnestock, President Fahnestock Plumbing, HVAC & Electric
Tom Dondlinger, President, Dondlinger & Sons Construction Co., Inc.
Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc.
Robert Allison, President & CEO Wichita Community Foundation
Richard Cram, Kansas Department of Revenue
Mark Desetti, Kansas National Education Association & Kansas Association of School Boards

Others attending:

See attached list.

Bill introduction:

Representative King made a motion to introduce a bill that would exempt from income tax military personnel stationed outside the state of Kansas. The motion was seconded by Representative Carlson. The motion carried.

HB 2299 - Sales tax exemption for Goodwill Industries Easter Seals Society of Kansas, Inc. And Goodwill Industries of Kansas, Inc.

The Chairman opened the hearing on **HB 2299**.

Bill Moore, President/CEO of Westar Energy, testified in support of **HB 2299** (Attachment 1). Mr. Moore stated that he is on the board for Goodwill Easter Seals and has seen the outstanding work by the agency. He listed some of the programs that the agency provides. Goodwill Easter Seals has manufactured insulation blankets for Hawker Beechcraft jets for 20 years and were presented the Hawker Beechcraft Small Business Supplier of the Year award in 2007. He urged support of **HB 2299**.

Emily Compton, President/CEO for Goodwill Industries Easter Seals of Kansas Inc., testified in support of **HB 2299** (Attachment 2). Ms Compton stated that Goodwill Industries Easter Seals of Kansas, Inc and its subsidiary corporation, Goodwill Industries of Kansas, Inc. have been tax exempt. She provided documentation supporting their exempt status since 1992. The last certificate shows the exempt status that does not expire until November 1, 2009. Approximately \$5,000-\$6,000 monthly has been paid in sales tax on purchases made by the agency. She requested the committee's help in restoring their sales tax exempt status by passing **HB 2299**.

Ms. Compton also submitted letters of support from the following:

Mark Nichols, Regional Manager, State Government Affairs, Koch Industries (Attachment 3)
George Fahnestock, President Fahnestock Plumbing, HVAC & Electric (Attachment 4)
Tom Dondlinger, President, Dondlinger & Sons Construction Co., Inc. (Attachment 5)
Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc. (Attachment 6)
Robert Allison, President & CEO Wichita Community Foundation (Attachment 7)

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on February 17, 2009, in Room 535-N of the Capitol.

Richard Cram, Kansas Department of Revenue, testified in opposition to **HB 2299** (Attachment 8). He stated that the Fiscal Note for **HB 2299**, if it passes, would mean a loss of \$50,000 to the state.

Mark Desetti, Kansas National Education Association (KNEA) & Kansas Association of School Boards (KASB), testified in opposition to **HB 2299** (Attachment 9). He testified that both KNEA and KASB continue to believe that the Legislature should make a comprehensive examination of the entire tax system to ensure that our many provisions result in a system that will provide stable funding for all state services and that is fair, equal and evenly distributed to both citizens and business. Such a review would include taking a hard look at all sales tax exemptions and exclusions.

The Chairman closed the hearing on **HB 2299**.

HB 2321 - Political subdivision under the Kansas retailers' sales tax act to include Horsethief Reservoir Benefit District.

The Chairman requested the committee's consideration on **HB 2321**.

Chris Courtwright briefed the committee on **HB 2321** and stood for questions.

Representative George made a motion to recommend HB 2321 favorably for passage. Representative Powell seconded the motion. Discussion ensued.

Representative George made a motion to remove the provision in the bill, contained in section 2, that provided a refund of sales tax paid by Horsethief prior to this enactment and to make the effective date of this bill publication in the Kansas Register. Representative Powell seconded the motion. The motion to amend HB 2321 carried.

Representative George made a motion to favorably pass HB 2321 as amended. Representative Powell seconded the motion. The motion carried.

HB 2175 - Repealing statute which provides penalty for misclassification of employees.

The Chairman requested the committee's consideration on **HB 2175**.

Chris Courtwright briefed the committee on **HB 2175** and stood for questions. He stated the fiscal note on this bill would be approximately \$3.0 million.

Representative Brown made a motion to favorably pass HB 2175. Representative Goico seconded the motion. Discussion followed. There were twelve members in support of the bill and ten members in opposition to the bill. A division was requested. The motion carried to favorably pass HB 2175.

The following members of the committee requested that their votes be recorded in opposition to the bill:

Representative Dillmore, Representative Goyle, Representative Rardin,
Representative Menghini, Representative Miller, Representative Hawk,
Representative Frownfelter and Representative Lukert

The next meeting is scheduled for February 25, 2009.

The meeting was adjourned at 10:30 a.m.

**Testimony of favor of HB 2299, Sales Tax Exemption for Goodwill Industries Easter Seals of
Kansas Inc. and Goodwill Industries of Kansas, Inc.
February 12, 2009**

**Presented by Bill Moore, President/CEO of Westar Energy
Current board member and past Chairman of the Board for Goodwill Industries Easter Seals**

Chairman Carlson and Committee Members:

I have been on the board for Goodwill Easter Seals for the past five years including two years as board chairman. I have had the honor to see first hand the outstanding work this agency does to help people with vocational challenges in Kansas.

Goodwill Industries Easter Seals self-funds most of its programs for the disadvantaged and people with disabilities through earned revenue. Last year ***our agency supplemented the state's social service dollars by nearly \$185,000. Those dollars helped continue funding and expanding services for people with disabilities when the state's reimbursement rates fell short.***

- Goodwill Industries Easter Seals programs:
 - Help at-risk youth complete their GEDs, finance higher level training including college and technical schools, and find jobs.
 - Help people with severe disabilities find resources in the community and find, train for and keep jobs.
 - Teach illiterate adults to read and write.
 - Loan medical equipment (no cost) including wheelchairs, crutches, and other necessary devices.
 - Provide Vocational Day Services that train & employ 60 adults with severe disabilities.
 - Provide Targeted Case Management for approximately 90 individuals.

I'd like to share one of my most special experiences with the agency. Goodwill Easter Seals, for more than 20 years, has manufactured all the insulation blankets for Hawker Beechcraft jets. Two years ago, Hawker Beechcraft presented their Small Business Supplier of the Year award to Goodwill. I had the honor of presenting the award to the employees with disabilities who work on the Hawker project. They were so proud to receive this award recognizing the high quality of their workmanship and on-time deliver. This was a group of people with disabilities whom most companies wouldn't hire but found hope and a future at Goodwill.

This agency is more than worthy of having its sales tax exemption restored. Please help Goodwill by voting favorably to pass HB 2299.

Thank you for your consideration.



Goodwill Industries Easter Seals of Kansas, Inc.

3636 N. Oliver • P.O. Box 8169 • Wichita, KS 67208 • Phone: 316-744-9291 • Fax: 316-744-1428
www.goodwillkansas.easterseals.com

BOARD OF DIRECTORS

Chairman

Rob Allison
Wichita Community Foundation

Vice Chairman

George Fahnestock
Fahnestock Plumbing, HVAC
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Secretary

Roger Eastwood
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Allen, Gibbs & Houlik, LC

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Rhonda Dennis
Capitol Federal Savings

Tod Wawzysko
Spirit AeroSystems

President

Emily Compton

Members

Kevin Arnel
Foulston Siefkin, L.L.P.

Joan Barrett
KWCH Channel 12

Don Barry
Wachovia Securities

Brad Clothier
Preferred Health Systems

Tom Dondlinger
Dondlinger & Sons
Construction, Inc.

Bill Hanna
Community Volunteer

Joe Johnson
Schaefer Johnson Cox
Frey Architecture

Dennis W. Kerschen
The Law Company, Inc.

Shawn Lancelot
Bank of America

Gail Lehman
Hawker Beechcraft Corporation

Debra McArthur
Wesley Medical Center

Mark Nichols
Koch Industries, Inc.

Bill Moore
Westar Energy

John O'Carroll
Cargill Value Added Meats

Sue Ronshagen
Cessna Aircraft Company

Eric Sexton
Wichita State University

Richard Stafford
The Boeing Company

Dave Unruh
Sedgwick County



Licensed by the Kansas Department
of Social & Rehabilitation Services

A 501(c)(3) not for profit corporation

Testimony in favor of HB 2299

Sales Tax Exemption on Tangible property for Goodwill Industries Easter Seals of Kansas Inc and Goodwill Industries of Kansas, Inc.

February 12, 2009

Presented by: Emily Compton, President/CEO for Goodwill Industries Easter Seals of Kansas Inc.

Chairman Carlson and Committee Members:

Thank you for allowing me to speak in favor of HB 2299.

Goodwill Industries Easter Seals of Kansas, Inc. and its subsidiary corporation, Goodwill Industries of Kansas, Inc. have been exempt from paying sales tax on tangible property for many years. Attached you will find exemption certificates going back to 1992.

Our last tax-exempt Entity Exemption Certificate, Number KS6KVU0B4T, was issued in 2004 or 2005 and was suppose to be valid until November 1, 2009. In March of 2008, one of our attorneys needed to confirm the number on the certificate and was told it was invalid. We called and wrote the Department of Revenue and their response was that the certificate was issued in error.

Although the certificate does not expire until November 1, 2009, when we confirmed that it was not valid, we immediately ceased using it. To restore our status, we must receive approval from the legislature.

It is difficult for us to determine how much this is costing our agency. We are estimating that since March 2008, we have been paying about \$5,000 to \$6,000/month in sales tax on purchases made by the agency. These dollars alone could help fund another 100 at-risk youths to work on their GEDs and help many others improve their vocational skills.

Last year the Goodwill stores generated \$496,438 in sales tax revenue for the state. We are not asking to be relieved from collecting sales tax from our customers. ***We are asking for you to restore our sales tax exempt status from purchases made by the agency in the furtherance of our mission.***

Goodwill Industries Easter Seals self-funds most of its programs for the disadvantaged and people with disabilities through earned revenue from our retail stores. ***Our agency supplemented the state's social service dollars by \$183,775 last year by continuing to fund services for people with disabilities when the state's reimbursement rates fell short. In 2009, we are on track to supplement the State social service budget by \$220,000.***

House Taxation Committee

2-17-09

Attachment 2

Please help our agency continue to help people with disabilities and disadvantages by voting favorably on HB 2299. Thank you.

Respectfully submitted,

A handwritten signature in black ink that reads "Emily Compton". The signature is written in a cursive, flowing style.

Emily Compton
President/CEO

Jan M. Doty Director
Robert B. D. State Office Building
5 SW Hart Street
Topeka, Kansas 66625-0001



(913) 296-3044
FAX (913) 296-7928

Department of Revenue
Division of Taxation

CONTACT: (913) 296-2461

STATE OF KANSAS
EXEMPTION FROM KANSAS SALES AND USE TAX

ISSUED TO:

KANSAS TAX I.D.
NUMBER: 00030-11

GOODWILL INDUSTRIES
MASTERS SEAL SOCIETY OF KANSAS, INC.
P.O. BOX 8169
TOPEKA, KS 67208-0169

EFFECTIVE DATE: March 12, 1992

EXPIRATION DATE: March 11, 1997

YOUR APPLICATION FOR SALES/USE TAX EXEMPT STATUS PURSUANT TO K.S.A. 1991 SUPP. 79/3606(H) HAS BEEN APPROVED. THIS LETTER IS ISSUED AS YOUR VALIDATION.

YOU MUST SUPPLY A COPY OF THIS EXEMPTION LETTER TO EACH RETAILER OR VENDOR FROM WHOM YOU PURCHASE TANGIBLE PERSONAL PROPERTY OR SERVICES FOR USE EXCLUSIVELY BY YOUR ORGANIZATION.

PURCHASES MUST BE PAID FOR BY CHECK OR DRAFT DRAWN ON FUNDS OF THE ABOVE INDICATED ORGANIZATION. THIS EXEMPTION CANNOT BE USED ON PURCHASES BY AGENTS OR INDIVIDUALS FOR THEIR OWN PERSONAL USE OR BENEFIT.

IT IS NOT PERMISSIBLE FOR AN AGENT OR CONTRACTOR OF AN EXEMPT ORGANIZATION TO CLAIM OF BENEFIT FROM THE ORGANIZATION'S EXEMPT STATUS. CONTRACTORS WHO PURCHASE CONSTRUCTION MATERIALS TO FULFILL THEIR CONTRACTS WITH AN EXEMPT ORGANIZATION ARE SUBJECT TO THE SALES TAX ON ALL SUCH SALES.

THIS DETERMINATION OF EXEMPTION DOES NOT APPLY TO PURCHASES OF TANGIBLE PERSONAL PROPERTY CUSTOMARILY USED FOR HUMAN HABITATION PURPOSES.

FURTHERMORE, GOODWILL INDUSTRIES IS NOT RELIEVED FROM ITS RESPONSIBILITY FOR COLLECTING AND REMITTING KANSAS SALES TAX ON THE TOTAL SELLING PRICE OF TANGIBLE PERSONAL PROPERTY OR TAXABLE SERVICES THAT IT SELLS AT RETAIL IN KANSAS.

THIS EXEMPTION IS NOT PERMANENT, IS SUBJECT TO REVIEW BY THE DEPARTMENT OF REVENUE, AND MUST BE RENEWED UPON THE EXPIRATION DATE GIVEN ABOVE. IF DURING AUDIT, OR FOR OTHER REASON, THIS ORGANIZATION CEASES TO QUALIFY AS AN EXEMPT ORGANIZATION AS DEFINED BY THE LAWS OF KANSAS REGARDING ALL OR SOME PORTION OF ITS ACTIVITIES, THIS EXEMPTION IS NOT APPLICABLE AND PURCHASES MADE BY THE ORGANIZATION WILL BE SUBJECT TO THE SALES AND USE TAX.

THIS EXEMPTION IS NOT ASSIGNABLE OR TRANSFERABLE. IT IS FOR SALES/USE TAX ONLY AND IS NOT AN EXEMPTION FROM AD VALOREM TAX.

Division of Taxation
Kansas Department of Revenue
15 SW Harrison St.
Topeka, KS 66625



(913) 296-3044
FAX (913) 296-2073
TTY (913) 296-6461

Division of Taxation

STATE OF KANSAS
EXEMPTION FROM KANSAS SALES AND USE TAX

ISSUED TO:

GOODWILL INDUSTRIES EASTER
SEAL SOCIETY OF KANSAS, INC.
PO BOX 8169
WICHITA, KS 67208-0169

KANSAS TAX I.D.
NUMBER: 00050-jj

EFFECTIVE DATE: March 12, 1997

EXPIRATION DATE: March 11, 2002

YOUR APPLICATION FOR SALES/USE TAX EXEMPT STATUS PURSUANT TO K.S.A. 79-3606(jj), AS CITED IN CHAPTER 280 OF THE 1992 SESSION LAWS OF KANSAS, HAS BEEN APPROVED. THIS LETTER IS ISSUED AS YOUR VALIDATION.

YOU MUST SUPPLY A COPY OF THIS EXEMPTION LETTER TO EACH RETAILER OR VENDOR FROM WHOM YOU PURCHASE TANGIBLE PERSONAL PROPERTY OR SERVICES FOR USE EXCLUSIVELY BY YOUR ORGANIZATION.

PURCHASES MUST BE PAID FOR BY CHECK OR DRAFT DRAWN ON FUNDS OF THE ABOVE INDICATED ORGANIZATION. THIS EXEMPTION CANNOT BE USED ON PURCHASES BY AGENTS OR INDIVIDUALS FOR THEIR OWN PERSONAL USE OR BENEFIT.

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THIS DETERMINATION OF EXEMPTION DOES NOT APPLY TO PURCHASES OF TANGIBLE PERSONAL PROPERTY CUSTOMARILY USED FOR HUMAN HABITATION PURPOSES.

FURTHERMORE, GOODWILL INDUSTRIES EASTER IS NOT RELIEVED FROM ITS RESPONSIBILITY FOR COLLECTING AND REMITTING KANSAS SALES TAX ON THE TOTAL SELLING PRICE OF TANGIBLE PERSONAL PROPERTY OR TAXABLE SERVICES THAT IT SELLS AT RETAIL IN KANSAS.

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THIS EXEMPTION IS NOT ASSIGNABLE OR TRANSFERABLE, IT IS FOR SALES/USE TAX ONLY AND IS NOT AN EXEMPTION FROM AD VALOREM TAX.

Division of Taxation
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66625



(785) 296-2473
FAX (785) 296-8989
TTY (785) 296-6461

Division of Taxation

STATE OF KANSAS
EXEMPTION FROM KANSAS SALES AND USE TAX

ISSUED TO:
GOODWILL INDUSTRIES EASTER
SEAL SOCIETY OF KANSAS, INC
PO BOX 8169
WICHITA KS 67208

KANSAS TAX I.D.
NUMBER: 00016-jj

EFFECTIVE DATE: **MARCH 1, 2002**
EXPIRATION DATE: **FEBRUARY 28, 2007**

YOUR APPLICATION FOR SALES/USE TAX EXEMPT STATUS PURSUANT TO K.S.A. 79-3606(jj), AS CITED IN CHAPTER 280 OF THE 1992 SESSION LAWS OF KANSAS, HAS BEEN APPROVED. THIS LETTER IS ISSUED AS YOUR VALIDATION.

YOU MUST SUPPLY A COPY OF THIS EXEMPTION LETTER TO EACH RETAILER OR VENDOR FROM WHOM YOU PURCHASE TANGIBLE PERSONAL PROPERTY OR SERVICES FOR USE EXCLUSIVELY BY YOUR ORGANIZATION.

PURCHASES MUST BE PAID FOR BY CHECK, CREDIT CARD OR DRAFT DRAWN ON FUNDS OF THE ABOVE INDICATED ORGANIZATION. THIS EXEMPTION CANNOT BE USED ON PURCHASES BY AGENTS OR INDIVIDUALS FOR THEIR OWN PERSONAL USE OR BENEFIT.

IT IS NOT PERMISSIBLE FOR AN AGENT OR CONTRACTOR OF AN EXEMPT ORGANIZATION TO CLAIM OR BENEFIT FROM THE ORGANIZATION'S EXEMPT STATUS. CONTRACTORS WHO PURCHASE CONSTRUCTION MATERIALS TO FULFILL THEIR CONTRACTS WITH AN EXEMPT ORGANIZATION ARE SUBJECT TO THE SALES TAX ON ALL SUCH SALES.

THIS DETERMINATION OF EXEMPTION DOES NOT APPLY TO PURCHASES OF TANGIBLE PERSONAL PROPERTY CUSTOMARILY USED FOR HUMAN HABITATION PURPOSES.

FURTHERMORE, The GOODWILL INDUSTRIES EASTER SEAL SOCIETY OF KANSAS, INC, IS NOT RELIEVED FROM ITS RESPONSIBILITY FOR COLLECTING AND REMITTING KANSAS SALES TAX ON THE TOTAL SELLING PRICE OF TANGIBLE PERSONAL PROPERTY OR TAXABLE SERVICES THAT IT SELLS AT RETAIL IN KANSAS.

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KANSAS DEPARTMENT OF REVENUE
DIVISION OF TAXATION

TAX-EXEMPT ENTITY EXEMPTION CERTIFICATE

The Kansas Department of Revenue certifies that the entity to which it has issued this numbered certificate is exempt from paying Kansas sales and/or compensating use tax pursuant to:

K.S.A. 79-3606(jj), which exempts all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based mental retardation facility or mental health center organized pursuant to K.S.A. 19-4001, et seq., and amendments thereto, and licensed in accordance with the provisions of K.S.A. 75-3307b and amendments thereto. EXCEPTION: This exemption shall not apply to tangible personal property customarily used for human habitation purposes.

By furnishing this certificate, the undersigned tax-exempt entity certifies that its direct purchase of: _____

Description of property or service purchased

Seller's Name: _____

Address: _____
Street, RR or PO Box City State Zip

is exempt from the state and local sales or compensating use tax. The undersigned tax-exempt entity further understands and agrees that if the tangible personal property and/or service are used other than as stated, or for any other purpose that is not exempt from the tax, the undersigned tax-exempt entity becomes liable for the state and local sales or use tax. The unlawful or unauthorized use of this certificate is expressly prohibited, punishable by fine and/or imprisonment.

TAX-EXEMPT ENTITY INFORMATION

Name: Goodwill Industries Easter Seal Society of Kan

Address
P.O. Box 8169
Wichita KS 6720-8169



Kansas Exemption Number:
KS6KVVU0B4T

Expiration Date: November 1, 2009

Authorized Signature: _____ Officer, Office Manager or Administrator Driver's License #: _____ *

* Required by K.S.A. 79-3651(f)

Printed Name: _____ Date: _____

USE OF THIS EXEMPTION CERTIFICATE

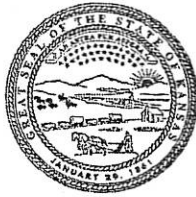
What purchases are exempt: The direct purchase, rental or lease of tangible personal property not customarily used for human habitation (beds, desks, lamps, towels and linens, etc.) and the direct purchase taxable repair services are exempt.

The materials furnished by or through a contractor, or the materials and/or labor of a subcontractor for real property projects are taxable.

Project Exemption Certificate (PEC) applicability: This entity is NOT authorized to obtain a Project Exemption Certificate (PEC) in order that the materials purchased or furnished by a contractor or the materials and labor of a subcontractor on a real property project may be purchased without tax.

INFORMATION FOR RETAILERS

- You must keep a copy of this completed certificate with your other sales tax records for a period of at least three years from the date this certificate was signed and presented to you.
- A completed certificate may be used by the organization as a blanket exemption for future purchases from you of the same type for the same exempt purpose.
- All purchases must be a direct purchase – billed directly to the entity, and/or paid for with entity funds (check or credit card).
- Sales to employees or agents of the exempt entity using their personal funds are taxable, even when the employee/agent is reimbursed the expense by the exempt entity.
- The items purchased must be used exclusively by the exempt entity for the stated exempt purpose(s).



K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE

KATHLEEN SEBELIUS, GOVERNOR

Goodwill Industries Easter Seal Society of Kansas

P.O. Box 8169
Wichita KS 6720-8169

On-Line Business Center
PIN 2231476
DO NOT DISCARD-KEEP IN A SAFE PLACE

Contact: Diane Drake Exec Director

RE: Issuance of Numbered Exemption Certificate

Enclosed is the new numbered sales and use tax exemption certificate issued to your organization by the Kansas Department of Revenue in accordance with the provisions of Section 21 of 2004 House Bill 2375. This new uniquely-numbered certificate is being issued to streamline the tax exemption process for your organization and to assist Kansas retailers in identifying the nonprofit entities exempt from paying Kansas sales or use tax. You may begin using this certificate immediately. Kansas retailers have been instructed to not accept any other type of exemption certificates after January 1, 2005 from the entities affected by the legislation.

You must provide a completed copy of this new numbered certificate in order to make an exempt purchase of tangible personal property and/or taxable services in accordance with the exemption granted by Kansas law cited on your certificate. You should reproduce as many copies of your new numbered exemption certificate as you will need for your suppliers and vendors. This is the only certificate your organization will receive. If you have multiple purchasing departments you should provide each department with a copy of the certificate.

HOW TO USE THIS NEW CERTIFICATE. To make an exempt purchase of goods and services for your organization, present a completed copy of your Tax-Exempt Entity Exemption certificate to the vendor or supplier at the time of purchase. Unless specified on the certificate, only *direct* purchases are exempt; purchases of materials by a contractor working for you and indirect purchases on your behalf are NOT exempt. An authorized signature (including the Driver's License number of that individual) is required.

BLANKET EXEMPTION USAGE. Blanket exemption certificate usage continues to be allowed. The completed certificate may be used as a blanket exemption certificate to cover future purchases of the same type and from the same vendor. If you currently have a blanket exemption certificate on file with a vendor, you will just need to provide a completed copy of your new numbered exemption certificate to that vendor.

REPORTING CHANGES, REPRINTING LOST CERTIFICATES, REQUESTING CERTIFICATES. The department has developed an Internet application as part of its On-Line Business Center for your convenience in reporting name and address changes, to inform the department the organization has been disbanded, to print copies of your existing certificate, or to apply for a new certificate. When an exempt organization has a name change or has a new federal EIN issued, you must apply for a new Tax-Exempt Entity Exemption certificate from the department.

On-Line Business Center: Access to the Tax-Exempt Entity Exemption Certificate application is available through the On-Line Business Center at the department's website, www.ksrevenue.org. On the home page, under "Your Business" is a link to the On-Line Business Center. Click on the link to access your account. If you have not used the On-Line Business Center before, you will need to register and create an account. Once the account is created, click on "Certificates." To access an issued certificate, click on "Add an Existing Exemption Certificate to this account." The program will ask for your certificate number and the unique PIN provided at the top of this letter. The certificate number will be displayed and by clicking on the certificate you will be able to perform the functions mentioned. You can also apply for additional certificates if your organization has multiple divisions for which you want a separate exemption certificate issued.

If you have any questions concerning this letter or the numbered exemption certificate, please contact our Taxpayer Assistance Center at (785) 368-8222.



KOCH COMPANIES PUBLIC SECTOR, LLC
Legal, Government, Public Affairs

MARK A. NICHOLS
Regional Manager
State Government Affairs

February 11, 2009

Representative Richard Carlson, Chairman
House Taxation Committee
300 WS 10th Avenue, 242-W
Topeka, KS 66612

Dear Chairman Carlson and Taxation Committee Members:

As a member of the Goodwill Industries Easter Seals of Kansas Inc. Board of Directors, I write to ask for your support of HB 2299. Please act to restore the organization's sales tax exemption, which was inexplicably deemed invalid after several years of good faith reliance on the certificate. By amending KSA 79-3606 and 79-3615, this bill will have an immediate and significant impact on the lives of Kansans with disabilities, who otherwise face insurmountable barriers to employment without the necessary education and training Goodwill provides.

Individuals from south-central and western Kansas have come to rely on Goodwill to make a difference in their communities and personal lives. The organization, through tireless work and excellent stewardship, generates much of the revenue needed to serve disadvantaged citizens. Unfortunately, the loss of Goodwill's tax exempt status directly results in the loss of revenue as well as services at the most inopportune time for us all – when government, taxpayers, and citizens are all in need.

Whether it is 100 at-risk youth who now cannot complete their GED, severely disabled adults who unexpectedly fail to receive services and training, or the people who once crowded into classrooms to battle adult literacy but now fade away, the faces belong to our neighbors and fellow citizens who suffer unless this tax exemption is restored thereby restoring critical funds.

Goodwill is committed to serving Kansans with disabilities and disadvantages in hopes a brighter future can be discovered. Please support HB 2299 and help make this mission a reality.

Sincerely,

Mark Nichols

316.828.5274 Tel
316.828.6997 Fax

4111 E. 37th Street North
Wichita, Kansas 67220
mark.nichols@kochps.com

www.kochind.com



INVISTA



House Taxation Committee

2-17-09

Attachment 3

Fahnestock

PLUMBING, HVAC & ELECTRIC



February 13, 2009

The Honorable Richard Carlson
Chair, Kansas House Taxation Committee
Kansas House of Representatives
300 SW 10th Avenue, 242-W
Topeka, KS 66612

Dear Representative Carlson,

I am writing to request your support of HB#2299, a sales tax exemption for Goodwill Industries Easter Seals of Kansas, Inc., an organization I have been associated with for years. I am currently serving as Vice President of their Board of Directors.

As Chief Executive Officer of Fahnestock Plumbing, HVAC & Electric, I know first hand of the work Goodwill does in our community. Their programs have helped hundreds of at-risk youth and enriched the lives of people with disabilities every day. I have been able to get to know many of their employees with disabilities who are thrilled to have the opportunity to earn paychecks through their jobs at Goodwill Easter Seals.

I strongly urge your support of the sales tax exemption to help Goodwill finance this most important work. I trust you will share the urgency of this recommendation to the other House Taxation Committee members.

With warmest regards,
Fahnestock Plumbing, HVAC & Electric


George Fahnestock

GF/cb

House Taxation Committee

2-28-09

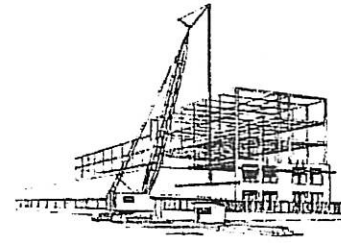
Attachment 4

DONDLINGER & SONS CONSTRUCTION CO., INC.

General Contractors

TOM DONDLINGER
NICK DONDLINGER
MARTIN DONDLINGER JR.

FOUNDED IN 1898 BY N. L. DONDLINGER



P.O. BOX 398 WICHITA, KANSAS 67201-0398
PHONE (316) 945-0555
FACSIMILE (316) 945-9009
www.dondlinger.biz

February 13, 2009

Representative Richard Carlson and Tax Committee Members
300 SW 10th Avenue, 242-W
Topeka, KS 66612

Dear Representatives:

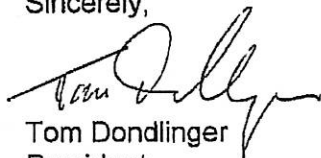
I am writing to request your support for HB 2299 which amends KSA 79-3606 to include Goodwill Industries Easter Seals of Kansas Inc. as a sales tax exempt non-profit.

As a Board Member of Goodwill Industries Easter Seals, I see first-hand the outstanding work they provide to the Wichita community and throughout Western Kansas. Their programs and services have made a positive difference in the lives on thousands of Kansans.

Please support their request for a sales tax exemption.

Thank you.

Sincerely,


Tom Dondlinger
President

House Taxation Committee
2-17-09
Attachment 5



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S U N F L O W E R B R O A D C A S T I N G , I N C .

February 13, 2009

Representative Richard Carlson
Kansas House of Representatives
Kansas State Capitol
300 SW 10th Street
Topeka, Kansas 66612

Dear Representative Carlson:

I am writing to request your support for HB 2299 which amends KSA 79-3606 to include Goodwill Industries Easter Seals of Kansas Inc as a sales tax exempt non-profit.

Goodwill does outstanding work in the Wichita community and throughout western Kansas. Their programs and services have made a positive difference in the lives on thousands of Kansans.

Please support their request for a sales tax exemption.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Joan M. Barrett".

Joan M. Barrett
President & General Manager
Sunflower Broadcasting, Inc.
jbarrett@kwch.com
Phone: (316) 831-6000



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**WICHITA COMMUNITY
FOUNDATION**

- ▶ Phone: (316) 264-4880
- ▶ Fax: (316) 264-7592
- ▶ 200 W. Douglas, Suite 250
Wichita, KS 67202
- ▶ www.wichitacf.org

February 13, 2009

Representative Richard Carlson
300 SW 10th Avenue, 242-W
Topeka, KS 66612

Dear Representative,

I am writing to request your support of HB#2299, a sales tax exemption for Goodwill Industries Easter Seals of Kansas, Inc., an organization I have worked with for years. I am now serving as President of their Board of Directors.

As past President of Bank of America of Kansas and current President & CEO of the Wichita Community Foundation, I know firsthand of the work Goodwill does in our community. Their programs have helped hundreds of at-risk youth and enrich the lives of people with disabilities every day.

I strongly urge your support of their sales tax exemption to help them finance their work.

Sincerely,

Robert L. Allison
President & CEO

Testimony to the House Taxation Committee

Richard Cram

February 17, 2009

Department Concerns with House Bill 2299

Representative Carlson, Chair, and Members of the Committee:

House Bill 2299 would provide a sales tax exemption to the Goodwill Industries, Easter Seals Society of Kansas, Inc. and Goodwill Industries of Kansas, Inc. This is a worthwhile organization, as are many others requesting exemptions this year. However, the policy of granting exemptions in piece-meal fashion to different non-profit organizations simply because they have asked for one needs to stop.

This proposal will cause further erosion of the sales tax base at a time when this State can ill afford the revenue loss. The Department's fiscal note, estimated at \$50,000 in loss of sales tax revenue, which is significant. Also, granting this exemption would generate many more similar requests. The cumulative effect will have an even larger negative fiscal impact. There are approximately 24,000 non-profit organizations in Kansas, 14,000 of which are currently not exempt from sales tax. If all were granted exemption on both purchases and sales, the fiscal impact would result in foregone state sales tax revenue of an additional \$40.3 million on purchases and \$18 million on sales. We are foregoing approximately \$34 million in state sales tax revenues, due to the current exemptions for certain non-profit organizations (excluding political subdivisions and educational institutions). Foregone local sales tax revenue is about \$7.5 million.

This will be one of many sales tax exemption requests. The Department suggests that the following questions be asked about each request, including this one:

1. Is this exemption request so essential that Legislature would be willing to appropriate funds to the organization requesting the exemption in the amount of foregone sales tax revenue each year, if the exemption request were not granted?
2. Does the organization fulfill a function or provide a service that would otherwise fall upon the state or local government to provide?
3. Does the organization's activities alleviate any current burden on state or local government?

Unless all of the above questions are answered in the affirmative, the exemption request should not be granted. In the current fiscal environment with the FY 09 budget undergoing a substantial rescission, it seems unwise to consider granting any exemption requests.

MEMORANDUM

To: Mr. Duane Goossen, Director
Division of Budget

From: Kansas Department of Revenue

Date: 02/13/2009

Subject: House Bill 2299
Introduced as a House Bill

Brief of Bill

House Bill 2299, as Introduced, amends the sales tax statute to provide an exemption from sales tax for goodwill industries. The proposal amends K.S.A 79-3606 to exempt tangible personal property or services purchased by or on behalf of Goodwill Industries, Easter Seals Society of Kansas, Inc and Goodwill Industries of Kansas, Inc from sales tax for the purpose of providing education, training and employment opportunities for people with disabilities and other barriers to employment.

The Act would be effective July 1, 2009

Fiscal Impact

The proposal is estimated to result in the loss of \$50,000 in fiscal year 2010, with the loss to the state general fund estimated at \$43,850 and \$6,150 to the highway fund. In addition, local governments would loss an estimated \$12,500 in fiscal year 2010. The estimate is based on information provided by the two goodwill organizations.

	Total	SGF	Hwy	Local
2010	\$50,000	\$43,850	\$6,150	\$12,500
2011	\$51,000	\$44,727	\$6,273	\$12,750
2012	\$52,020	\$45,622	\$6,398	\$13,005
2013	\$53,060	\$46,534	\$6,526	\$13,265
2014	\$54,122	\$47,465	\$6,657	\$13,530

Administrative Impact

The proposal would require the revision of two sales tax publications at a cost of \$26,800.

Administrative Problems and Comments

While Goodwill Industries may be deserving, exempting an organization by name creates a

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

The department respectively suggests the "on behalf of" language be removed from the exemption on purchases and project exemption certificate language be inserted. This would be consistent with most sales tax exemptions and provides greater controls on the administration of exempt purchases. With the proposed language, there are no controls to ensure that the purchase being made "on behalf of" the organization are actually being used by the organization.

Goodwill Industries of Kansas, Inc is a subsidiary of Helping Hands of Goodwill Industries, Inc. The department has ruled in the past that subsidiaries of organizations are not exempt unless specifically named. Therefore, to exempt purchases made by Goodwill Industries of Kansas, Inc. the proposal needs to be revised to state Helping Hands of Goodwill Industries, Inc dba Goodwill Industries of Kansas, Inc.

Taxpayer/Customer Impact

Provides a sales tax exemption for Kansas Goodwill Industries organizations.

Legal Impact

Approved By:

A handwritten signature in black ink that reads "Joan Wagnon". The signature is written in a cursive, flowing style.

Joan Wagnon
Secretary of Revenue



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**Mark Desetti, Testimony
House Taxation Committee
February 17, 2009**

House Bill 2299

Mister Chairman, members of the committee, thank you for the opportunity to provide testimony to you today sharing our thoughts on this sales tax exemption proposal. I come before you today representing both the KNEA and the Kansas Association of School Boards.

Kansas already has an extraordinary number of sales tax exemptions. The statute is now in quadruple letters! In addition, Kansas does not now levy a sales tax on most services and cannot collect sales tax on many internet based purchases.

Each sales tax exemption you consider represents a small loss of revenue to the state. Each of these may be for a worthy organization. But with each exemption granted, the state revenue stream is reduced. We have not seen any tax proposals that would offset the loss of revenue that would result from the passage of any of the tax reductions being debated this year.

The tax system is like a balloon. When you squeeze one end of the balloon, the other end expands. If you collect less in sales tax, you have to make up for that loss with other taxes.

As a final note, we continue to believe that the Legislature should make a comprehensive examination of the entire tax system to ensure that our many provisions result in a system that will provide stable funding for all state services and that is fair to both citizens and business. Such a review would include taking a hard look at all sales tax exemptions and exclusions.

House Taxation Committee
2-17-09
Attachment 9