

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:30 a.m. on March 11, 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  
Corey Carnahan, Kansas Legislative Research Department  
Chris Courtwright, Kansas Legislative Research Department  
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Rep. Pat George,  
Ron Allen, Manager, Pawnee Watershed District and interim manager of the Horse Thief Reservoir District

Others attending:

See attached list.

Chairman Donovan opened the hearing on **HB 2321 - Political subdivision under the Kansas retailers' sales tax act to include horsethief reservoir benefit district.** The first proponent was Rep. Pat George. He explained this bill is to correct a technicality in a bill (HB2582) passed in 2004. That bill created a benefit district that has now been determined not to be a political subdivision. HB 2321 will give Horsethief Reservoir Benefit District subdivision status as a political subdivision. Rep. George went on to explain his support of this bill. (Attachment 1)

Ron Allen, Manager, Pawnee Watershed District and interim manager of the Horse Thief Reservoir District, also spoke in support of this bill. Passage of this bill would be a savings to the Benefit District, and mean more funds would be available for construction of facilities used by the public. (Attachment 2) Chairman Donovan closed the hearing on **HB 2321**.

Chairman Donovan asked what the committee's wishes were for bills remaining in the committee. After discussion, Sen. Brownlee moved HB 2172 - Permanent exclusion from sales taxation of certain cash rebates on sales or leases of new motor vehicles, be passed out of committee to the floor. Sen Colyer seconded the motion. The motion passed.

Chairman Donovan asked for approval on the minutes. Sen. Brownlee pointed out two errors in the minutes for March 4. Sen. Brownlee moved the committee approve the March 4 minutes as corrected, and also approve the March 5 minutes. Sen. Apple seconded the motion. The motion passed.

The next meeting is scheduled for March 12, 2009

The meeting was adjourned at 11:10 a.m.

**SENATE**  
**Assessment & Taxation Committee**  
**GUEST LIST**

DATE: 3/11/09

NAME	REPRESENTING
Brad Stauffer	Carter Group
Derck Hehn	Hehn Law Firm
Ron Allen	HR Benefit DISK
Robin Jennisa	"
RONALD RYCHEV	
Michelle Butler	Capitol Strategies

**PAT GEORGE**

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

OFFICE ADDRESS: STATE CAPITOL  
 TOPEKA, KANSAS 66612  
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TOPEKA

HOUSE OF  
 REPRESENTATIVES

## COMMITTEE ASSIGNMENTS

VICE CHAIR: VISION 2020  
 MEMBER: ECONOMIC DEVELOPMENT AND  
 TOURISM  
 TAXATION  
 VETERAN, MILITARY AND  
 HOMELAND SECURITY

**March 11, 2009**

**To: Chairman Les Donovan  
 Members of the Senate Assessment and Taxation Committee**

**From: Pat George, 119<sup>th</sup> District State Representative**

**Re: HB2321**

**Mr. Chairman and Members of the Committee:**

**Thank you for the opportunity to appear before you today in support of HB 2321.**

**In 2004 I was approached to help with HB 2585; which created a benefit district for the purpose of imposing a sales tax(.015%), with voter approval, on 4 counties(Ford, Finney, Hodgeman, and Gray). The sales tax collected was to be used in the building of Horsethief Reservoir. HB2582 passed both Chambers and signed into law without controversy and the voters in 4 counties passed the sales tax issue overwhelmingly.**

**Recently a small technicality was discovered thus prompting the introduction of HB2321. Because of the multi-jurisdictional (4 counties) entity that was created, a hybrid of sorts, technically the Horsethief Reservoir Benefit District has been determined not to be a political subdivision. HB2321 would give the Horsethief Reservoir Benefit District political subdivision status. A copy of HB2582 is attached, section "B" on the first page reads: *The powers conferred by this act are for public uses, economic development purposes or purposes for which public money may be expended.* In my view, the words: public money may be expended indicates that the makers of the bill, in 2004, intended or**

Senate Assessment & Taxation

3-11-09

Attachment 1

**assumed that Horsethief Reservoir Benefit District would be a public entity.**

**I ask for your support in passing out HB2321 favorably so that the "Oasis on the Plains" can proceed!**

**Thank you,  
Pat George  
KS House of Representatives  
119<sup>th</sup> District  
3007 Westview  
Dodge City, KS 67801**

# HorseThief Reservoir Benefit District

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## Testimony-HB 2321 Senate Committee on Assessment and Taxation

Thank you, Mr. Chairman, and members of the committee, for the opportunity to speak briefly with you this morning in support of HB 2321. I am Ron Allen, manager of the Pawnee Watershed District and interim manager of the HorseThief Reservoir Benefit District.

I would hope that most of you have at least a passing familiarity with HorseThief Reservoir, currently under construction in Hodgeman County.

Two local bodies—the Pawnee Watershed District and the HorseThief Reservoir Benefit District—are responsible for supervising the project. The Pawnee Watershed District directs construction, operation, and maintenance of the dam portion.

The HorseThief Reservoir Benefit District, created by action of the 2004 session of the Legislature, was given the authority to issue bonds to assist in financing the project, as well as the responsibility to construct and operate the recreational facilities associated with the Reservoir.

To date, most activity on the site—primarily dam construction—has been managed by the Pawnee Watershed District. But as completion of the dam this fall nears, the efforts of the Benefit District are expanding.

In anticipation of their activities—installation of roads and utilities, construction of boat ramps, and the like—application was made to the Kansas Department of Revenue for a sales tax exemption on goods and services purchased in conjunction with construction.

That application for exemption under K.S.A. 79-3602 was denied. We were told that since operational funding and bond repayment were not financed through the collection of ad valorem taxes, as required by statute, we could not be considered a subdivision of state government, and therefore were ineligible for the exemption.

As you might recall, our funding comes from the collection of a 15/100ths of one percent sales tax in the four counties comprising the Benefit District—Ford, Finney, Gray, and Hodgeman.

Needless to say, I was surprised, since I had always assumed that when HB 2582—the bill creating the Benefit District-- was adopted, we had become an agency of state government for purposes of sales tax exemption.

Senate Assessment & Taxation

3-11-09  
Attachment 2

The language in that bill, and the succeeding statute 82a-2201-2211, clearly state that powers were conferred to the Benefit District involving "public uses, economic development purposes or purposes for which public money may be expended." We should be considered a political subdivision, if only through inference in that statement of responsibilities.

It would seem that the intent of HB 2582 was to confer political subdivision status on the HorseThief Reservoir Benefit District, with the rights and privileges thereof, but that language declaring the District as such was not attached

House Bill 2321 has been introduced on our behalf to remedy this situation, by declaring that we **are** a political subdivision of state government, making us eligible for the sales tax exemption.

Obviously, the savings to the Benefit District resulting from passage of 2321 would make more funds available for construction of facilities used by the public.

With that, I would be happy to entertain any questions you might have.

Ron Allen