

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:40 a.m. on March 18, 2010, in Room 152-S 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
Chris Courtwright, Kansas Legislative Research Department
Brandon Riffel, Kansas Legislative Research Department
Mary Jane Brueck, Committee Assistant

Others attending:

See attached list

Chairman Donovan told the committee he had given Tuck Duncan, Kansas Wine and Spirits Wholesalers Association three minutes to speak to **SB 569 - Alcoholic liquor, cereal malt beverage and malt products gallonage tax and liquor enforcement tax rate increases** since he was out of town when that hearing was held. Mr. Duncan spoke in opposition to the bill. His written testimony is included with the March 16 minutes.

Final action was held on bills heard earlier this week. The first bill addressed was the first part of **SB 516 - Increasing rate of tax on cigarettes and tobacco products**. Chairman Donovan explained this bill will be divided. The part regarding cigarettes and tobacco will change the amount of increase from fifty-five cents to thirty cents; it will allow merchants to have three months to pay their inventory tax; "tobacco products" will not be included, but small cigars will be treated the same as cigarettes. The bill will also address tax on internet sales, which the Department of Revenue can enforce. Chairman Donovan asked for a motion for the lower increase of tax on cigarettes. Sen. D. Schmidt made the motion; Sen. Huntington seconded. The motion failed. Sen. Schmidt asked to have his no vote recorded. Chairman Donovan asked for a motion to move the portion of SB 516 regarding cigarettes and tobacco products into HB 2388. The request was defeated for lack of motion.

Chairman Donovan then addressed the second part of **SB 516: Increasing rate of sales tax**. The recommendation was made to lower the increase in the bill in order to make sales tax an even 6% for three years and to set the rate for a venter administration allowance in collecting the tax. Chairman Donovan said the committee needed to first move information from SB 516 into HB 2325. Sen. Huntington made that motion. Sen. D. Schmidt seconded the motion. Motion carried. Then the Chairman asked for a motion to reduce the sales tax increase from 1% to 0.7%, and, after three years, drop that tax to 0.5%, and add an administrative allowance of 2% of the amount of tax collected by merchant. Chairman Donovan asked for a motion to **S sub for HB 2325** to amend in the proposed rates and the administrative allowance. Sen. D. Schmidt made the motion to amend **HB2325** by adopting those changes and putting a \$50 cap on the administrative allowance; seconded by Sen. Huntington. The committee asked for a division of the vote. With 4 yeas and 5 nos. The motion failed. Sen. D. Schmidt moved to amend the bill to add only the administrative fee of \$50.00. Sen. Huntington seconded. The motion failed with a tie.

The committee's attention was turned to **SB 569 - Alcoholic liquor, cereal malt beverage and malt products gallonage tax and liquor enforcement tax rate increases**. The original bill doubled the rate of tax from 8% to 16% on gallonage, and doubled the enforcement rate from 8% to 16%. A recommendation was made to change the gallonage tax enforcement from 8% to 12%, and increase the drink tax from 10% to 15%. All of this would be effective July 1, 2010, and raise about \$35 million. A motion to adopt these new numbers was not made. Sen. Colyer said he was willing to second the motion if Sen. Holland would make the motion. Sen. Holland said he was not in a position to make that motion.

SB 567 - Imposing tax upon sweetened beverages or concentrate will not be moved into HB 2299. This bill would raise \$90 million. If the tax were changed from one cent to .4% of a cent, it would raise about \$40 million. Sen. Marshall made a motion to make that change. Motion failed for lack of a second.

CONTINUATION SHEET

Minutes of the Senate Assessment and Taxation Committee at 10:30 a.m. on March 18, 2010, in Room 152-S of the Capitol.

Chairman turned the committee's attention to **HB 2299 - Sales taxation; relating to exemptions.** Sen D. Schmidt moved the contents of HB 2299 be removed and replaced with the contents of SB 38 from 2002. Sen Huntington seconded the motion. Motion carried. Sen. D. Schmidt then moved Sen. Sub for HB 2299 be passed favorably. Sen. Huntington seconded the motion failed. Sen. Steineger explained he voted no because he wants to see more budget cuts before more taxes are imposed.

The meeting was adjourned at 11:58 a.m.

SENATE
Assessment & Taxation Committee
GUEST LIST

DATE: 3/18/2010

NAME	REPRESENTING
John C. Bottenberg	ALTRIA
Ron Heini	Heini Law Firm Chtd
Genise Smith-Watkins	PepsiCo, Inc.
David Thorp	American Beverage Assn.
Miranda Metcalf	Gov's Office
Day Mays	Cigar Assn. of America
TOM PALACE	PMCA OF KS.
Tom Burgess	M.O.-American Automatic Vending Assn.
Dennis Wilson	Ks Food Dirs Assn
Mike McManey	"
Bruce Witt	Via Christi Health
Sam Jaks	VHG
John Petersen	Capital Strategies
Rachel Whitten	Kansas Reporter
Rebecca Price	Ks Beer Wholesalers Assn
Nichelle Butler	Capital Strategies
Phil Stoffer	Hy-Jee Inc.
TERRY FORTSYTH	KW EH
Mark Tallman	KSTS

SENATE

Assessment & Taxation Committee

GUEST LIST

DATE: _____

NAME	REPRESENTING
John Donley	KS Lusk. Ass'n
Donick Santag	AFP
Sandy Prader	Gardner, Prader + Assoc.
Marlee Carpenter	WIBA
Anne Spiess	American Cancer Society
Chris Masoner	"
JODI L RAOUE	CAMPAIGN FOR TOBACCO - FREE KIDS
Steven Bronkman	ISS REVENUE
David R. Corbin	K DOR
Vinda De Guessey	American Heart Assn.
Lin Seibel	KGIFA
Jay Bruning	OP Chamber
Kent Eckles	KS Chamber of Commerce
Legi Henry	SageStar Group LLC
PAT O'DONNELL	PEPSI-COLA OF TOPEKA