

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:45 a.m. on March 12, 2001, in Room 519-S of the Capitol.

All members were present except: Senator Pugh

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Don Seifert, City of Olathe
Randy Allen, Kansas Association of Counties
Sandy Jacquot, League of Kansas Municipalities
Dan Harden, Riley County Engineer

Others attending: See attached list.

The minutes of the March 8, 2001, meeting were approved.

HB 2007–Sales and transient guest taxation; concerning the provision of certain information by the Director of Taxation to local governments.

Don Seifert, City of Olathe, testified in support of **HB 2007**, noting that it deals with local tax information reports that are received by city officials from the Director of Taxation. He explained that, as introduced, **HB 2007** was aimed at facilitating information sharing between a county and city about local sales tax distributions. As passed by the House, the bill will also apply to the transient guest tax and would allow the clerk or treasurer who receives the report to share the information with other appropriate local financial officials. He noted that the City of Olathe has been concerned about the reliability of the local sales tax distribution process. The bill would foster cooperation between local officials and the Department of Revenue in monitoring local sales tax revenue distributions. (Attachment 1) Mr. Seifert noted that **HB 2007** passed the House almost unanimously.

Senator Allen began a discussion concerning the penalty for divulging the sales tax information to anyone other than allowed by the bill. Mr. Seifert stated that violation of the confidentiality requirement is a Class B misdemeanor. In addition, he reiterated that, currently, a city clerk or city treasurer who requests retailers' sales tax information from the Department of Revenue cannot share the information with financial analysts, auditors, or members of the city council.

Senator Lee expressed her concern that information revealing the tax receipts of an individual retailer could be used by a competing retailer. Don Hayward, Revisor of Statutes Office, commented that the bill is an attempt to allow the information to be shared with more people, but it still contains a confidentiality requirement. Senator Allen commented that more people having access to the information increases the possibility of the confidentiality provision being violated. Mr. Hayward commented that, originally, the statute provided that reports on local sales tax collections could be given to the clerk or treasurer of any city or county levying a local retailers' sales tax. However, the bill would allow reports to be given to any city or county whether or not they levy a tax, and then the information can be further shared with the governing bodies.

Senator Lee recalled that cities and counties expressed their concern to an interim committee that they were not receiving the amount of sales tax money back from the Department of Revenue that they should have received from the tax they imposed. She suggested that perhaps the bill could be amended to provide that the Department of Revenue could release retailer sales tax reports for specific businesses to the treasurer, but the treasurer could reveal only the aggregate amount collected to the city council. Thus, the council would have no information about sales taxes collected by a specific retailer.

CONTINUATION SHEET

Randy Allen, Kansas Association of Counties, testified in support of **HB 2007**. He noted that the bill would remedy the current constraints imposed on the Department of Revenue by allowing the governing bodies and designated financial officers of cities and counties to more readily share information concerning sales and transient guest tax revenue. (Attachment 2) He noted that the bill would ensure that the local retailers' sales tax revenue is credited within the correct jurisdiction, especially in cases where a countywide sales tax is shared with the cities within the county. He recalled that the original intent of the bill, as recommended by the interim committee, was to allow the Director to share retailers' sales tax information with the treasurer, not with the governing body.

Richard Cram, Kansas Department of Revenue, stood to clarify that the intent of **HB 2007** was to enable the Department to do a better job in sharing information with counties, which, in turn, would allow counties to help the Department do a better job in collecting the correct amount of tax and correctly distributing the taxes collected.

Sandy Jacquot, League of Kansas Municipalities, testified in support of **HB 2007**. She reiterated that the bill deals with the concerns expressed by local governments about the accuracy of local tax distributions from the Department of Revenue. She feels the bill would remedy restrictions on the Department and would provide a comfort level to cities that such distributions are accurate. In addition, she noted that cities would be able to more accurately project revenue when preparing their budgets. (Attachment 3)

There being no others wishing to testify, the hearing on **HB 2007** was closed.

HB 2221—Sales taxation; authorizing certain counties to impose countywide tax for economic development initiative and infrastructure purposes.

Dan Harden, Riley County Engineer, testified in support of **HB 2221**. He explained that the bill allows Riley County to use a sales tax to fund public infrastructure projects, specifically, to fund road and bridge improvements. He further explained that the Riley County Road and Bridge Advisory Committee reported to the Board of County Commissioners that the use of a local retail sales tax as a funding source is preferred by Riley County citizens over the use of local ad valorem property tax. He noted that the time limit on page 4, line 39, of the bill would allow the voters more flexibility in what they can approve as a sales tax rate. (Attachment 4)

Chairman Corbin called attention to written testimony in support of **HB 2221** submitted by Stan Morgan, Riley County Counselor and Director of Administrative Services. (Attachment 5)

There being no others wishing to testify, the hearing on **HB 2221** was closed.

The meeting was adjourned at 11:25 a.m.

The next meeting is scheduled for March 13, 2001.