

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:39 p.m. on February 9, 2011, in Room 783 of the Docking State Office Building.

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
Michael Wales, Kansas Legislative Research Department
Marla Morris, Committee Assistant
Allen Jeffus, Office Assistant

Conferees appearing before the Committee:

Representative TeriLois Gregory, District 10
Majority Leader Arlen Siegfried

Conferees providing written testimony only:

Bill Harmon, A & H Air Conditioning, Heating and Plumbing, Baldwin City
Kevin and Shawna Garber, Business Owners, Baldwin City

Others attending:

See attached list.

Bill Introductions:

Representative O'Hara requested introduction of a bill dealing with reappraisal on a ten year basis. Representative Carlson moved to introduce the proposed bill; Representative Kleeb seconded the motion. The motion carried.

Representative Fawcett requested introduction of a bill concerning delinquent taxes and the time the taxing authority is required to wait before foreclosure rights can be implemented. Representative Carlson moved to introduce the proposed bill; the motion was seconded by Representative Powell. The motion carried.

Representative Collins requested introduction of a bill concerning property taxation, relating to exemptions and mineral rights, repealing K.S.A. 79-420. Representative Carlson moved to introduce the proposed bill; the motion was seconded by Representative Powell. The motion carried.

Representative Worley requested introduction of a bill concerning business machinery and equipment tax reduction assessment fund, amending the formula to include rail and telecommunication equipment. Representative Carlson moved to introduce the proposed bill; Representative Kleeb seconded the motion. The motion carried.

Representative Powell, with permission from Speaker O'Neal, moved introduction of a bill concerning elections in a district that is trying to stagger the elections so they have continuity in the district. The motion was seconded by Representative Schwab, and the motion carried.

Representative Tyson moved introduction of a bill concerning a back-to-school sales tax holiday on school supplies. The motion was seconded by Representative Hedke. The motion carried.

Rep. Calloway moved introduction of a bill concerning school districts, relating to assessed values. Representative Weber seconded the motion, and the motion carried.

Rep. Kleeb moved to introduce a committee bill on dynamic scoring. Representative Schroeder seconded the motion. The motion carried.

Representative Brunk moved to introduce a bill concerning community improvement districts.

CONTINUATION SHEET

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Representative Schwab seconded the motion. The motion carried.

Chairman Carlson opened the hearing on:

HB 2161 – Retailers may choose place of business sourcing or destination sourcing as method to determine sites of taxable transactions for sales tax purposes.

Chairman Carlson directed the Committee to the Fiscal Note on **HB 2161**, prepared by the Kansas Department of Revenue, placed in their daily packet (Attachment 1).

Chris Courtwright, Kansas Legislative Research Department, briefed the Committee on **HB 2161**, and summarized the history on origin and destination based sourcing based on previous legislation. **HB 2161** would allow businesses to choose between origin based or destination based calculations of retail sales tax rates. The legislation would require the chosen method to be applied to all sales. Richard Cram, Kansas Department of Revenue, joined Mr. Courtwright in responding to questions from the Committee.

Representative TeriLois Gregory, District 10, testified in support of **HB 2161**, and urged favorable passage of the Bill. Her testimony referenced two Baldwin City business owners, and the difficulties faced by small businesses in the computation of destination based sales tax. She stood for questions.

Majority Leader Siegfried, testified in support of **HB 2161**. He urged the Committee to take a long look at **HB 2161**, and give businesses the opportunity to choose between origin based or destination based sourcing (Attachment 2). He stood for questions.

Chairman Carlson directed the Committee to the written testimony in support of **HB 2161** from Bill Harmon, A & H Air Conditioning, Heating and Plumbing, Baldwin City (Attachment 3), and Kevin and Shawna Garber, Business Owners, Baldwin City (Attachment 4).

The Chairman closed the hearing on **HB 2161**.

The next meeting is scheduled for 3:30 p.m., February 10, 2011, in Room 783 of the Docking State Office Building for the purpose of hearing **HB 2160-Establishing the simplified state tax structure committee.**

The meeting was adjourned at 4:45 p.m.