

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:40 p.m. on March 10, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Frownfelter-excused  
Representative Kelley-excused  
Representative Schwab-excused

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:

Emily Hurst, Interfaith Housing Services  
John Todd, Citizens and Wichita Volunteer Coordinator for Americans for Prosperity  
Senator David Haley  
Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas

Conferees presenting written-only testimony:

Secretary Pat George, Kansas Department of Commerce  
Secretary Nick Jordan, Kansas Department of Revenue  
Speaker of the House Mike O'Neal  
Michael R. Murray, Kansas Food Dealers Association and the Retail Grocers Association of Greater Kansas City

Others attending:

See attached list.

Bill Introductions:

Richard Cram requested introduction of legislation to allow the Department of Administration and the Federal Treasury Department to undertake a program that would provide for offsetting delinquent state debt federal payments on vendor contracts and enhance ability to collect delinquent tax. Representative Carlson moved introduction of the proposed legislation. Representative Hedke seconded the motion, and the motion carried unanimously.

Chairman Carlson opened the hearing on:

**SB 61 – Increasing income tax credit for contributions made by program contributors under the individual development account program.**

The Chairman directed the Committee to the fiscal note on **SB 61**, from Richard Cram, Kansas Department of Revenue (Attachment 1).

Scott Wells, Office of the Revisor of Statutes, briefed the Committee on **SB 61**. Individual Development Accounts are savings accounts for lower income individuals and families, with funds to be used for certain purposes as post-secondary educational costs, job training costs, qualified acquisition costs with respect to a qualified principal residence, major repairs or improvements to a primary residence or qualified business capitalization expenses. He explained that currently refundable credit is up to 50 percent of the contribution amount, provisions of **SB 61** would bring the refundable credit to 75 percent, and is capped at \$500,000.

Emily Hurst, Interfaith Housing Services, testified in support of **SB 61**. Ms Hurst explained the purpose of the Interfaith Housing Services and the benefits available to recipients. Her testimony provided a history of Kansas Individual Development Accounts (Attachment 2). The Interfaith Housing Services

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urges adoption of **SB 61**. She stood for questions

Chairman Carlson directed the Committee to the written-only testimony from proponents:

Secretary Pat George, Kansas Department of Commerce ([Attachment 3](#))  
Secretary Nick Jordan, Kansas Department of Revenue ([Attachment 4](#))  
Speaker Mike O'Neal, Kansas House of Representatives ([Attachment 5](#))

The Chairman closed the hearing on **SB 61**.

Chairman Carlson opened the combined hearing on:

**SB 1 - concerning consumer transactions; relating to the Kansas retailers'; sales tax act; requiring the cumulative rate to be printed on electronically printed sales receipts**  
**HB 2266 - Community improvement districts; notice of sales tax rate**

Scott Wells, Office of the Revisor of Statutes, briefed the Committee on **SB 1** and **HB 2266**. **SB 1** applies to all retailers, requiring the cumulative local and state sales tax rate be printed on electronic sales receipts and/or displayed conspicuously in the place of business. **HB 2266** applies to Community Improvement Districts (CID), and requires all retailers in a CID to print the CID tax rate and the amount of tax that was generated on each receipt. He stood for questions on both bills.

Chairman Carlson directed the committee to the fiscal notes on **HB 2266**, from the Division of Budget ([Attachment 6](#)), and the Department of Revenue ([Attachment 7](#)), placed in their daily packet.

John R. Todd, Citizen and Wichita Volunteer Coordinator for Americans for Prosperity, testified in support of **HB 2266**. He suggested requiring appropriately placed signage to alert consumers to the added CID sales tax in advance of the purchase, and provided an sample sign for consideration ([Attachment 8](#)).

Senator David Haley testified in support of **SB 1**, passage of **SB 1** will allow the consumer to know which aggregate charges comprise the sales tax rates at a particular place of purchase and provide greater opportunities for accountability and transparency ([Attachment 9](#)). His testimony included examples of the manner in which some businesses are currently displaying taxes charged on purchases. He stood for questions.

Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas, testified in opposition to **HB 2266**. He presented difficulties merchants will experience in computing separated tax rates on receipts ([Attachment 10](#)). His testimony included correspondence from a Kansas City service manager expressing merchant concerns. He stood for questions.

Chairman Carlson directed the Committee to the written-only testimony submitted in opposition to **SB 1** and **HB 2266**, from Michael R. Murray, Kansas Food Dealers Association and the Retail Grocers Association of Greater Kansas City ([Attachment 11](#)).

The Chairman closed the hearing on **SB 1** and **HB 2266**

Discussion and action on:

**SB 193 - Requiring social security numbers in support of claims for food sales tax refunds**  
**HB 2348 - Requiring social security numbers on Kansas income tax returns**  
**HB 2349 - Requiring social security numbers in support of dependent care expenses**

The Chairman explained that **HB 2355 - Requiring social security numbers in support of claims for food sales tax refunds** is a duplicate to **SB 193** and would not be placed in consideration with the discussion of these bills.

Representative Goico moved **SB 193** favorable for passage, and the motion was seconded by Representative Powell.

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Representative Goico moved to amend **SB 193** by including **HB 2348** and **HB 2349** into the contents of **SB 193**. The motion was seconded by Representative Powell. Representative Goico closed and moved the motion to amend. The motion carried unanimously.

Representative Goico moved to pass **SB 193**, favorable, as amended. Representative Powell seconded the motion. The motion carried unanimously.

The next meeting is scheduled for 3:30 p.m., March 14, 2011, in Room 783 of the Docking State Office Building for the purpose of hearing:

**HB 2381 - Reduction to state income tax rates based on selected actual state general fund receipts computations, and sales tax rates and distribution**

The meeting was adjourned at 4:50 p.m.