

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 25, 2005 in Room 519-S of the Capitol.

All members were present except:

Representative Nile Dillmore- excused
Representative Lana Gordon- excused
Representative Nancy Kirk- excused
Representative Bruce Larkin- excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Pat Colloton, Legislator
Representative Julie Menghini, Legislator
Representative Willa DeCastro - Legislator
Representative Geraldine Flaharty - Legislator
Ronald R. Hein, Kansas Hearing Aid Association
Barb Hinton, Legislative Post Auditor

Others attending:

See attached list

The Chairman opened the floor for bill introductions.

Representative Colloton requested a bill introduction regarding a sales tax exemption for a non-profit organization, that provides therapeutic, residential, psychiatric treatment for children. Representative Huff moved the request be introduced as a committee bill. Representative Owens seconded the motion. The motion carried.

Representative Menghini moved a motion that would authorize a quarter cent sales tax increase, subject to voters approval, for Crawford county, for road and bridge improvement. Representative Treaster seconded the motion. The motion carried.

HB 2040 - Sales tax exemption for hearing aid repair.

Mr. Courtwright explained that the bill is a follow-up bill to a new sales tax exemption that was enacted during the 2004 session relating to the purchase of hearing aid replacement parts and batteries. The intent of the bill was that repairs of hearing aids and batteries would also be tax exempt. This bill would insert the words *repair and* to the language on page 6, line 8. There is a fiscal note of approximately \$89,000 to the state general fund.

The Chairman opened the public hearing on **HB 2040**.

Representative Willa DeCastro, co-sponsor of the bill, stated that since the passage of the bill she had become aware that the intent was omitted (Attachment 1). **HB 2040** would correct the language to include the labor portion of repair and replacement services. She suggested placing the bill on the consent calendar.

Representative Geraldine Flaharty, co-sponsor of the bill, stated that this was a clean-up bill that adds language that provided the services originally intended (Attachment 2). It would also alleviate additional paperwork by dealers and the Department of Revenue that resulted in very little revenue. She questioned the data accuracy on which the fiscal note was based, suggesting that the revenue would be lower.

Ron Hein, Kansas Hearing Aid Association (Attachment 3) supports the passage of **HB 2040**. He reviewed

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the history of original bill and explained the bookkeeping difficulties incurred by hearing aid dispensers and manufacturers of hearing aids.

The Chairman closed the hearing on **HB 2040**.

The Chairman opened the public hearing on **HB 2031**.

Barbara Hinton, Legislative Post Auditor, explained that the content of **HB 2031** removed language on lines 30-34 relating to an audit requirement.

Ms. Hinton, stated that **HB 2031** had been introduced by the Legislative Post Audit Committee and would remove the requirement for Legislative Post Audit to “take any audit steps” necessary to ensure that the tax abatements the Secretary of Revenue reports to them each year are made in accordance with law, and to issue a report to the Legislature at least once every three years on their findings(Attachment 4). She cited three reasons the Post Audit staff believed this requirement should be repealed.

Discussions followed regarding: original intent of the bill, processes that have been completed under the current law and ramifications if the bill fails.

The Chairman closed the public hearing on **HB 2031**.

Ms. Hinton provided a brief explanation on how legislators can request an audit and what actually happens during an audit.

The meeting adjourned at 9:35 a.m. The next meeting is January 26, 2005.