

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:38 A.M. on February 26, 2008 in Room 519-S of the Capitol.

All members were present except:

Terry Bruce- excused
Anthony Hensley - excused

Committee staff present:

Gordon Self, Office of Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Ryan Hoffman, Kansas Legislative Research Department
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Roy Jenson, MD, Director, University of Kansas Cancer Center
Patty Dengler, Interfaith Ministries

Others attending:

A Report on First Year Collections - Individual Income Tax Check-off for Kansas Breast Cancer Research Fund, was presented by Roy Jenson, MD, Director, University of Kansas Cancer Center. (Attachment 1) He reported the University of Kansas Cancer Center received approximately \$90,000 from the first year collections for the check-off. The initial grant will fund a research project that studies a tumor suppressor gene called breast cancer susceptibility gene 1 (BRCA1). He thanked the Committee for supporting the check-off legislation and looks forward to moving toward the ultimate goal of eliminating cancer in Kansas.

SB 383—Property tax exemption for certain housing for the elderly, persons with disabilities or persons with limited or low income owned by certain organizations—was discussed. Patty Dengler, Interfaith Ministries, offered a proposed compromise amendment to the bill and explained it to the Committee. (Attachment 2) If enacted, the amendment would make the bill retroactive to January 1, 2005. The fiscal note for the retroactive change is unknown. Senator Apple expressed concern the bill would bring in many unknown entities. Richard Cram, Kansas Department of Revenue (KDOR), will get information from the Property Valuation Department to clarify what entities would be included under this bill. Ms. Dengler said the bill only includes affordable housing projects. A sunset provision for the bill was discussed.

Senator Donovan moved to adopt the proposed amendments to **SB 383** and make the bill a substitute bill. Senator Pine seconded the motion, and the motion carried.

Senator Donovan moved to pass **Substitute for SB 383** favorably. Senator Pine seconded the motion, and the motion carried.

Senator Donovan moved to amend **SB 592** to include sales tax exemption for Guadalupe Health Foundation Midwest Wine Festival tickets. Senator Apple seconded the motion, and the motion carried.

Senator Jordan moved to further amend **SB 592** by adding sales tax exemption for construction for Shawnee Community Services. Senator Schmidt seconded the motion, and the motion carried.

Senator Lee moved to further amend **SB 592** by adding sales tax exemption on items for sale by the Steve King Foundation. Senator Donovan seconded the motion, and the motion carried.

Senator Allen moved to further amend **SB 592** by inserting the language of **SB 446**, sales tax exemption for educational foundations. Senator Jordan seconded the motion, and the motion carried.

Senator Schmidt moved to further amend **SB 592** by inserting the language of **SB 593**, sales tax exemption for Kansas Legal Services. Senator Apple seconded the motion, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:38 A.M. on February 26, 2008 in Room 519-S of the Capitol.

Senator Apple moved to further amend **SB 592** by inserting the language of **SB 602**, sales tax exemption for Wayside Waifs. Senator Donovan seconded the motion, and the motion carried.

Senator Apple moved to amend **SB 631**, sales tax exemption for Kansas CASA Association, by adding all member CASA programs, then inserting the language of **SB 631**, as amended, into **SB 592**. Senator Schmidt seconded the motion, and the motion carried.

Senator Jordan moved to amend **SB 632**, sales tax exemption for St. Francis Community Services, by including project exemption certificates, then inserting the language of **SB 632**, as amended, into **SB 592**. Senator Pine seconded the motion, and the motion carried.

Senator Apple moved to amend **SB 635**, sales tax exemption for East Central Kansas Economic Opportunity Corporation, into **SB 592**. Senator Schmidt seconded the motion, and the motion carried.

SB 633--Sales tax exemption for Franklin County agricultural society, Paola Senior Center, Anderson County fair association, Linn county fair association, Miami County Fair Association and Douglas County Senior Center--was discussed. Mr. Cram said he thought the fiscal note for excluding ticket sales for all county fairs would be approximately \$50,000. Discussion was held on how senior centers are organized.

Senator Apple moved to amend **SB 633** by limiting proposed sales tax exemption to ticket sales only and expanding proposal to include all county fairs. Senator Pine seconded the motion, and the motion carried.

Senator Apple moved to further amend **SB 633** to make the Paola Senior Center sales tax exemption retroactive to include construction beginning January 1, 2007. Senator Pine seconded the motion, and the motion carried.

Senator Apple moved to amend **SB 633**, as amended, into **SB 592**. Senator Pine seconded the motion, and the motion carried.

Senator Schmidt requested a fiscal note from KDOR on a sales tax exemption for all senior centers on purchases only, sales only, and purchases and sales combined. Mr. Cram said purchases of food and equipment used in the Meals on Wheels programs in senior centers are the only items currently exempt from sales tax at senior centers.

SB 625--Sales tax exemption for materials and services purchased by contractor for the state capitol restoration project--was discussed. Mr. Cram said a positive fiscal note of \$500,000 per year for three years would be recognized if **SB 625** was enacted. Senator Lee reported the State of Kansas has a total of 42,000 employees, and 7,415 of the employees reside in Shawnee County. Mr. Cram said he would check to confirm the fiscal note on **SB 625** was figured for bonding in capitol restoration in the same way the fiscal note was figured last year on the prison facility construction. Mr. Cram said sales tax is being paid on materials purchased, but will double check on whether it is being paid on the labor portion of the construction.

Senator Lee moved to amend **SB 625** into **SB 592**. Senator Schmidt seconded the motion, and the motion carried.

Senator Apple moved to report **SB 592** as amended favorable for passage. Senator Pine seconded the motion, and the motion carried.

Senator Donovan moved to report **SB 550**, permanent exclusion from sales taxation of cash rebates on sales or leases of new motor vehicles, favorable for passage. Senator Jordan seconded the motion, and the motion failed.

Being no further business, the Committee adjourned at 11:48 a.m.