

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 10, 2006 in Room 519-S of the Capitol.

All members were present except:
Representative Nile Dillmore- excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Gordon Self, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Shari Weber
Phillip Cosby, Private Citizen, Abilene, KS
Dr. John Douglas Burford, Private Citizen, Mission, KS
Richard I. Kendall, MS, representing DCCCA, Contractor for KDOC
Karl Peterjohn, Kansas Taxpayers Network - Written testimony only

Others attending:
See attached list.

HB 2680 - Excise tax on certain commercial establishments, businesses and individuals which provide sexually explicit products and services.

Gordon Self said this had been a study topic during the past interim session. He explained that **HB 2680** provides a 10% excise tax on certain transactions, in certain described businesses: escort services; strip clubs; and adult book and video stores. This legislation is based on Utah law, and a Oklahoma draft that has not been passed. Section three of the bill, provides for the creation of a special fund in the Treasury that would be used for the benefit of: victim offense programs; child abuse through internet sex offenses; and supplemental programs for sex offenders.

The Chairman opened the public hearing on **HB 2680**.

Representative Shari Weber said that she raised this issue because of the factual and anecdotal information that has surfaced over the past decade. As a matter of record, sexually explicit materials in different venues have an adverse affect on citizens in Kansas. The behavior choices of sex offenders are fueled with the merchandise available at sexually-oriented businesses. It is for that reason that the state has a compelling interest to place an excise tax on these businesses because of their adverse effects on the health, well-being and safety of citizens of Kansas (Attachment 1).

Phillip Cosby, Private Citizen, Abilene, KS, explained activities, over the last two and one half years, that he has initiated in an effort to protect Kansas families. He has spoken to thousands of Kansans on the negative effects the sex industry imposes upon communities and individuals and has presented strategies and legal remedies to communities to confront this growing epidemic (Attachment 2).

A notebook was distributed to the Committee on "Sexually Oriented Business (S.O.B.) & Sexually Oriented Material," comprised of eight issues: 1) Criminal Statute on Obscenity/Grand Jury Indictments; 2) Profitability of Pornography and S.O.B.; 3) Negative Secondary Effects; 4) S.O.B. Definitions KS Statute 12-770/ Zoning Ruling; 5) Preamble to a Taxation Bill answering the "why?;" 6) Congressional Testimony to Pornography's Addictive Nature/Descent to Criminal Behavior; 7) Political and Popular Resolve; and 8) Common Q & A, Talking Points (Attachment 3).

He said that in addition to **HB 2680** there were six other items, which he reviewed, that needed to be addressed in order to have a well crafted and defensible statute. In summation, he said the sex industry boasts unmatched wealth, that courts continue to uphold the very real negative effects of

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 10, 2006 in Room 519-S of the Capitol.

the sex industry upon a community, and that sex industry needs to help pay for the clean-up of the damage.

Dr. John Douglas Burford, Pastor, Ward Parkway Presbyterian Church, Kansas City, gave an impassioned speech about the societal problems that have resulted from activities generated by Sexually Explicit Businesses (Attachment 4). Some questions and issues he raised were: Why do children no longer roam free in America?; Does media violence contribute to violence in culture?; The proliferation of pornography; Reluctant users and shame-driven addiction; Contributing factors to sex addiction; Pornography's messages; The Internet - AAA - Accessible, Affordable and Anonymous; Devastation to families; Is there a downside to this tax?; and It's time to act!. He urged the Committee to take action on **HB 2680**.

Conversation followed and a request was made for research staff to find out what other states have done in terms of licensure of these type businesses.

Richard I. Kendall, MS, representing DCCCA, Contractor for KDOC answered three questions, (previously submitted by Legislative Research staff) for the Committee: 1) How many sex offenders were child victims of sex offenders?; 2) How many instances of pedophilia go unreported, as compared to actual convictions of pedophiles?; 3) Is there a connection between sex offenders and the use of sexually oriented businesses? A memo citing his responses was distributed by a memo from Martha B. Dorsey, Principal Analyst (Attachment 5). A period of Q & A followed.

The Vice-Chair noted that written testimony from Karl Peterjohn, Kansas Taxpayers Network, had been distributed in opposition to the excise tax (Attachment 6).

The meeting adjourned at 10:50 A.M. The next meeting is February 13, 2006 at 1:00 P.M. in Room 241-N.