

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on January 24, 2008 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Stuart Little  
Senator John Vratil  
Rebecca Morrison, Shawnee Mission Education Foundation  
Katherine Allen, Blue Valley Education Foundation  
April Holman, Kansas Action for Children  
Mark Tallman, Kansas Association of School Boards  
Paul Welcome, Johnson County Appraiser

Others attending:

See attached list.

Stuart Little, on behalf of The Mirror, Inc., requested introduction of a sales tax exemption bill for The Mirror, Inc. Senator Donovan moved the introduction of the requested bill. Senator Pine seconded the motion, and the motion passed. (Attachment 1)

Senator Lee on behalf of the Kansas Livestock Association moved to request introduction of a bill concerning truck boxes and beds. Senator Pine seconded the motion, and the motion passed.

Senator Apple moved to introduce a sales tax exemption bill for Miami County Fair Association, Franklin County Fair Association, Paola Senior Center and Douglas County Senior Center. Senator Bruce seconded the motion, and the motion passed.

Hearing was opened on **SB 446**—Sales tax exemption for educational foundations that support programs and services of elementary and secondary schools.

State Senator John Vratil testified in favor of **SB 446** and explained the language in the bill would return to K-12 educational foundations the sales tax exemption that was allowed prior to 1998. (Attachment 2) It would enable K-12 educational foundations to again purchase items and materials and sell items, tickets, etc. without paying a sales tax. He provided history of how these entities were inadvertently excluded from the exemption.

Rebecca Morrison, Executive Director of Shawnee Mission Education Foundation (SMEF), testified in favor of **SB 446**. (Attachment 3) She said she didn't believe it was the intention of the Kansas Legislature to direct or dilute the philanthropic intentions of its citizens or lessen educational opportunity. She said there are approximately 150 K-12 foundations throughout the state, and they range from very small to very large organizations that have program support. SMEF has \$1.5 million in assets.

Katherine Allen, Executive Director of Blue Valley Education Foundation (BVEF), testified in support of **SB 446**. (Attachment 4) She testified the mission of BVEF is to enrich educational excellence through community outreach, financial development, and ongoing funding of extraordinary educational programs in Blue Valley Schools. BVEF awarded over \$70,000 in teacher grants last fall.

April Holman, Kansas Association for Children (KAC), testified in opposition to **SB 466**.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on January 24, 2008 in Room 519-S of the Capitol.

(Attachment 5) Her opposition was not specific to exempting from sales tax purchases and sales of educational foundations, but instead a reflection of KAC's general concern about the erosion of the sales tax base. A better approach would be to modernize the Kansas tax system. In response to Senator Apple, she said her organization was not tax exempt, and she would oppose it becoming tax exempt.

Mark Tallman, representing Kansas Association of School Boards (KASB) and Kansas National Education Association (KNEA), testified in opposition to **SB 466**. (Attachment 6) He said he is not opposed to the concept of the bills, but is concerned about sales tax exemptions of any kind. His concern is with the cumulative impact of all sales tax exemptions. He believes the current direction of Kansas tax policy is unsustainable. In response to Senator Apple, he said KASB is not tax exempt, and hoped his Board of Directors would oppose any measure to make KASB tax exempt. He said he thought Kansas Personal Income (KPI) is a good measure of the cost of education in Kansas.

Chairman Allen distributed the fiscal note on **SB 446**. (Attachment 7)

The hearing was closed.

Hearing was opened on **SB 444**—Property tax exemption for certain tangible personal property with purchase price less than \$1,500.

Paul Welcome, Johnson County Appraiser, explained to the Committee how a tax bill of less than \$5 is not collected, but the Appraiser's Office, the County Clerk's Office and the County Treasurer's Office all have to do the paperwork before the decision is made. (Attachment 8) With the passage of this bill, properties that comprise most of the low-valued properties, including older watercraft, mopeds, canoes, etc., would be exempt with a \$1,500 threshold. He said the \$1,500 threshold was a starting point to consider, and he was open to a lower amount being used instead. Johnson County has approximately 1,642 accounts that become exempt after the County Appraiser values the property, and the County Treasurer issues a tax bill. The net loss generated as a result of negated income on work performed due to exemptions after the fact is approximately \$5,169.40. Low valued properties should be exempted to cancel the county's negative return on investment. Mr. Welcome said the entire Johnson County mill levy for all taxing jurisdictions is approximately 120 mills. Senator Lee asked for an explanation of the fiscal note (Attachment 9) as to how the statewide loss of \$300,000 would affect local government. Richard Cram, Kansas Department of Revenue, will provide that information. Senator Donovan thought if the \$1,500 figure were changed to \$800 or \$1,200, it might not impact the state at all.

The hearing closed.

Senator Donovan moved to approve the Minutes of the January 17 Committee meeting. Senator Jordan seconded the motion, and the motion carried.

Being no further business, the meeting adjourned at 11:15 a.m. The next meeting is scheduled for January 29