

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on March 12, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative Lee Tafanelli- excused

Committee staff present:

Chris Courtwright, Legislative Research Department

Martha Dorsey, Legislative Research Department

Gordon Self, Revisors of Statutes

Carol Doel, Committee Secretary

Conferees appearing before the committee:

Representative Stephanie Sharp

Representative Jeff Goering

Representative Steve Brunk

Jan Bonine, Elder Care

Laurel Alkire, Senior Services of Wichita

Sharon Geiss, Mid America Nutrition Program

Shirley Spittles, North Central Flint Hills Area Agency on Aging

Jane Metzger, Executive Director Meals on Wheels Shawnee and Jefferson County

Others attending:

See Attached List.

Chairman Edmonds opened the meeting asking for any bill introductions.

Representative Brunk requested the introduction of a bill that tweaks an existing STAR Bond bill. It is peculiar to a project in Sedgwick County and will not affect anything else.

Hearing no objections, the Chairman will accept that for introduction.

With no further bill introductions, Chairman Edmonds opened the public hearing on **HB 2884**. Representative Stephanie Sharp brought testimony to the committee supporting **HB 2884** which would exclude from the definition of "selling price" for sales tax purposes cash rebates granted by manufacturers to purchasers and lessees of new cars, provided such rebates are paid directly to retailers as a result of the original sales. (Attachment 1) Representative Sharp also submitted a letter from David & Margaret King of Shawnee, Kansas relating their experience in the purchase of a new automobile in the fall of 2003 when they were charged sales tax on the listed price rather than on the actual sales price. (Attachment 2)

Next to give testimony supporting **HB 2884** was Don McNeely, KADA President (Kansas Automobile Dealers Association) stating that this would exclude manufacturer cash rebates from the taxable selling price of a new motor vehicle. (Attachment 3)

There were no other proponents of **HB 2884** and no opponents, therefore the Chairman closed the public hearing on the bill.

Next on the agenda was the opening of the public hearing on **HB 2866** the Chairman recognizing Representative Jeff Goering who testified in favor of the bill which would grant a sales tax exemption for organizations that provide nutrition programs for homebound Kansans such as Meals on Wheels (Attachment 4)

Jan Bonine, Executive Director, ElderCare, Inc. came before the committee also favoring the passage of **HB 2866**. This agency provides senior nutrition services in a 28 county region. They average 1450 meals per day. They have an estimated average of \$4500 per year in tax obligation and if this bill passed they would be able to serve an additional 2250 meals. (Attachment 5)

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Supporting **HB 2866** was Laurel Alkire, Executive Director of Senior Services, Inc. Of Wichita. They are the sole provider of the Meals on Wheels program in Wichita and serve close to 900 people in their homes 5 days a week. They pay close to \$10,000 in sales tax for items such as plastic trays, warming ovens, as well as maintenance on kitchen equipment. The savings which passage of **HB 2866** would allow them would to serve an additional 2, 347 meals to homebound older people in Wichita. (Attachment 6)

Representing Mid-America Nutrition Program, Inc. was the Executive Director, Sharon Geiss. They also favor the passage of **HB 2866**. Each year they serve more than 200,000 meals over a five county area. They feel that a balance meal is an essential and economical way to help keep these elderly people healthy and independent in their own homes. If they had the savings from sales tax exemption, they could leverage that money to make differences in additional lives of the elderly. (Attachment 7)

Appearing before the committee in support of **HB 2866** was Shirley Spittles, Director of Field Services of the North Central-Flint Hills area Agency on Aging. They operate 46 dining centers in an 18 county area of north Central Kansas. They are motivated by the fact that their customers regularly report significant benefits and health improvements as a result of their services. They serve approximately 1827 hot, nutritious meals daily. The benefits from the passage of **HB 2866** would save their program about \$7,000 a year which would provide approximately 1,640 additional meals. (Attachment 8)

Jane Metzger, Executive Director, Meals on Wheels of Shawnee and Jefferson Counties, Inc., requested the committee recommend **HB 2866** favorable for passage. He testimony addressed an evaluation by Kansas State University that reported 28% of those served home delivered meals said that they would not have been able to remain in their homes without the meals, and 88% of those interviewed reported that the meals helped them maintain their security, dignity and independence. During fiscal year 2003, the agency spent approximately \$3, 317 on sales tax which would be an additional 609 meals. (Attachment 9)

Representative Steve Brunk also addressed the committee in support of **HB 2866** relating the importance of the services provided to many home bound individuals and requesting the consideration of an extended sales tax exemption to these worthy organizations. (Attachment 10)

With no other person wishing to address **HB 2866**, the Chairman closed the public hearing.

The adoption of minutes for February 10th, 11th, 12th, 17th, 18th, 19th and 20th was requested.

Representative Huff made a motion to adopt the minutes as read. The motion was seconded by Representative Owens. Motion passed. Minutes were adopted.

Chairman Edmonds turned the committees' attention to **HB 2627**. When the bill was assigned to the committee, it included a tax provision as well as some provisions that were more appropriate to the higher education committee. On examination by the author, it proved that the tax provisions were, in fact, redundant. What needed to be done to move the bill along was to strike Section 1 and to advance the amended bill when then will be pulled into the House Higher Education Committee.

Representative Huff moved that Section 1 be deleted. Representative Goico made a second to the motion. Vote taken. Motion passed.

*Representative Huff made a motion that **HB 2627** be moved out of committee favorable for passage as amended. Representative Brunk made a second to the motion. Vote taken. Motion passed.*

The Chairman then requested the committees' attention be directed to **SB 147** dealt with a sales tax issue in Chase County which was amended into conference committee report on **HB 2005** last year, therefore, **SB 147** is not needed. The Chairman desired to gut the bill and replace that bill with the contents of **HB 2560** as it passed the committee.

*Representative Goering made a motion to gut **SB 147**. A second to the motion was made by Representative Brunk. Vote take. Motion passed.*

Chairman Edmonds requested a motion to insert the contents of **HB 2560** as passed by the committee into

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SB 147.

*Representative Goico moved that the contents of **HB 2560** be inserted into **SB 147** as passed by the committee. The motion was seconded by Representative Brunk. Vote taken. Motion passed.*

Representative Huff made a motion that the bill be amended to read Douglas County. Representative Davis seconded the motion. Vote was taken. Motion passed.

*Representative Schwab made a motion to pass **SB 147** favorable for passage as amended. Representative Siegfried made a second to the motion. Vote taken. Motion passed.*

Chairman Edmonds turned to **HB 2255** as the next item on the agenda. Representative Goico proposed an amendment to **HB 2255**. Basically, it would add language *that does no represent a substantial capital improvement to such property* and would delete, *landscaping planting of trees, flower beds, shrubbery and lawns*. It also would add the language *repainting exterior surfaces of buildings on the property, replacing comparable quality roofing materials, or replacing comparable quality* as well as *that would be required to maintain the property in the property's original state of appearance*. Representative Goering seconded the motion. Vote was taken. Motion passed. Bill is amended.

*Representative Goico made a motion that **HB 2255** be moved out favorable for passage as amended. The motion was seconded by Representative Goering.*

In discussion Representative Larkin stated that he felt it was a huge mistake to try to rewrite the appraisal policy. He strongly opposed the bill as amended. *Representative Larkin made a motion to table the bill. Representative Davis seconded the motion. A vote was taken. Motion to table passed.*

Representative Goico and Representative Siegfried requested to be recorded as voting no.

Chairman Edmonds brought attention to **HB 2544** stating that his intention was to amend three other bills into the bill. These bills are **HB 2550**, **HB 2650** and **HB 2866**.

*Representative Huff moved that **HB 2544** be amended with **HB 2550**, **HB 2650** and **HB 2866**. The motion was seconded by Representative Gordon. Vote was taken. Motion passed.*

*Representative Goico made a motion to amend **HB 2911** into **HB 2544**. Representative Goering seconded the motion.*

Chairman Edmonds called for discussion on this motion. Representative Larkin questioned the fiscal note which Mr. Courtwright of the Legislative Research Department stated was \$5.6 million.

Representative Owens stated that he felt amending **HB 2911** into **HB 2544** might jeopardize **HB 2550**, **2650** and **HB 2866** that were previously amended into **HB 2544**.

*A vote was taken on the motion by Representative Goico to amend **HB 2911** into **HB 2544**. Motion failed.*

The Chairman turned attention back to **HB 2544**.

*Representative Jack moved that the miniature fantasies exemption be struck from **HB 2544**.*

Asked to explained his reason, Representative Jack explained that it was his understanding that miniature fantasies was more of a hobby than a business. Representative Huntington and Representative O'Malley concurred and Representative Brunk concurred with Representative Jack.

Back on the motion, Representative Jack moved his motion. Vote taken. Motion passed.

*Representative Huntington moved that **HB 2175** be amended into **HB 2544**. Representative Owens seconded the motion. Vote taken. Motion passed.*

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*Representative Sawyer moved that **HB 2084** be amended into **HB 2544**. Representative Larkin seconded the motion. Vote taken. Motion passed.*

*Representative O'Malley made a motion to amend **HB 2544**, Section 3, Page 20 to read this act take effect and be in force from January 1, 2005. Representative Jack seconded the motion. Vote taken. Motion adopted.*

A motion was made by Representative Powers make an amendment to exempt coin sales in the State of Kansas from sales tax collection. Representative Faber made a second to the motion. Motion failed.

*Once again Chairman Edmonds returned to the amended **HB 2544**. Representative Gordon made a motion to pass out **HB 2544** favorable for passage as amended. Representative Owens made a second to the motion.*

*Representative Brunk wished to add one more exemption to **HB 2544**.*

Representative Gordon withdrew her motion.

*Representative Brunk made a motion to amend the Spina Bifida Association of Kansas into **HB 2544** for exemption. The Chair interpreted the motion to be conceptual in nature. Representative Gordon made a second to the motion. Vote was taken. Motion passed.*

*Representative Gordon made a motion to pass out favorable for passage **HB 2544** as amended. The motion was seconded by Representative Owens. Vote was taken. Motion passed.*

The Chairman adjourned the meeting and announced the committee would meet again at 11:00 a.m.