

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 17, 2005 in Room 519-S of the Capitol.

All members were present except:

Representative Don Hill- excused

Committee staff present:

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

Conferees appearing before the committee:

Representative Judy Morrison, Legislator
Representative Pat Colloton, Legislator
Representative Louis E. Ruiz
Representative Bonnie Sharp
Representative Sharon Schwartz
Susan Jarsulic, President of Dreams Work
R. Michael Bowen, President/CEO - Marillac
Leo J. Nunnink, Chairman of the Board, Marillac
Kevin Morris, urban planner for CHWC, presented written testimony for
Michael Snodgrass, President/CEO, CHWC, Inc.
Ann Brandau-Murguia, CHWC
Ray Olsen, Cross-Line Board Member, presented written testimony for
Lou Rose, Executive Director, Cross-Lines
Ed Henry, Board Member, KSDS, Inc.
Karen Price, CEO, KSDS, Inc.
Chris Carroll, Overland Park (written testimony only)

Others attending:

See attached list.

Chairman Wilk and Representative Goico treated the Committee to homemade chocolate chip cookies and freshly brewed coffee as their penance for cell phone interruption at previous meetings. Refreshments were enjoyed by all! Representative Goico stated he had never tasted such wonderful homemade cookies as those made by Mrs. Wilk!

HB 2290 - Sales tax exemption for Dreams Work, Inc.

Mr. Courtwright stated that the bill would add a new sales tax exemption for purchases of property by Dreams Work, Inc. and certain exempt sales by or on behalf of Dreams Work, Inc. Purchases would have to be for the purpose of providing young adult day services to individuals with developmental disabilities and assisting families in affording institutional or nursing home care for a developmentally disabled member of their family. The fiscal note would be less than \$1,000.

The Chairman opened the public hearing on **HB 2290**.

Representative Morrison, sponsor of the bill, stated that this project was one that not only helped young people in these facilities, but eventually could provide economic savings for the state. She introduced Susan Jarsulic, President of Dreams Work, Inc. (no written testimony).

Susan Jarsulic, President of Dreams Work explained that the program provided an option for parents/guardians when they had a need to be away from care giving duties; otherwise they would have that responsibility twenty-four hours a day, seven days a week. Their mission is "creating opportunities for young adults with developmental disabilities and significant physical challenges". A brochure on Dreams Work, Inc. was included with her testimony (Attachment 1).

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There being no other conferees the Chairman closed the hearing on **HB 2290**.

HB 2236 - Sales tax exemption for Marillac Center, Inc.

Mr. Courtwright stated the bill would add a sales tax exemption for sales of property, purchase by or on behalf of the Marillac Center, Inc. for the purpose of providing psycho-social, biological and special education services to children. Due to confidentiality issues, the fiscal note is vague, but was expected to be less than \$50,000.

The Chairman opened the public hearing on **HB 2236**.

Representative Pat Colloton, rose in support of **HB 2236** stating that Marillac is a nonprofit psychiatric residence and school for mentally ill children (**Attachment 2**). It is one of only four schools in Kansas that provides required educational services at level six which is the most severe category. They are a charitable organization that raises funds and involves community leaders in a program that includes education of children. That responsibility would otherwise fall on public schools, adding significant expenses

R. Michael Bowen, President/CEO - Marillac, told the Committee that state and insurance reimbursements are not sufficient to provide the care needed for children, therefore, Marillac continually raises additional funds to provide for this care. A sales tax exemption would result in a savings of approximately \$40,000 to \$50,000 - money that could be used for services (**Attachment 3**).

Leo J. Nunnink, Chairman of the Board, Marillac, appeared in support of **HB 2236** and requested a sales tax exemption, such as the one they had previously received in Missouri. The loss of \$40,000 to taxes would have a negative affect on their services (**Attachment 4**).

Written testimony was submitted for Chris Carroll, Overland Park, urging the Tax Committee to help Marillac by approving **HB 2236** and allowing them the sales tax exemption that will enable them to fully fulfill its mission of providing a safe place for at-risk young people and their families (**Attachment 5**)

There being no other conferees the Chairman closed the public hearing on **HB 2236**.

HB 2006 - Sales tax exemption for CHWC, Inc., neighborhood housing organization.

Mr. Courtwright stated that **HB 2006** would seek a sales tax exemption for CHWC, Inc., for the purpose of building or rebuilding urban core neighborhoods for the construction of new homes; acquiring and renovating existing homes and other related activities and for promoting economic development. The fiscal note would be less than \$50,000.

The Chairman opened the public hearing on **HB 2006**.

Representative Louis E. Ruiz, stated the amendment would add CHWC, Inc. (Community Housing of Wyandotte County) to an existing list of tax exempt not-for-profits (**Attachment 6**). It would allow the monies made from the sale of existing properties, owned by CHWC, to be put back into the community for more development, giving urban citizens more chance to acquire and own property.

Kevin Morris, Urban planner for CHWC, provided testimony from Michael Snodgrass, President/CEO, CHWC, Inc. (**Attachment 7**). He stated that their mission was to provide quality, affordable housing in the under served urban core neighborhoods of Kansas City, Kansas. **HB 2006** would allow them to continue the fight to retake their neighborhoods and build a strong future for Kansas. Ann Brandau-Murguia was available to answer questions.

There being no other conferees, the Chairman closed the hearing on **HB 2006**.

HB 2056 - Sales tax exemption for cross-lines cooperative council.

HB 2056 would add a tax exemption for sales of tangible personal property purchased by Cross-Lines. Their

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principle activity is to offer social services to low income individual and families. The fiscal note would be less than \$50,000.

Representative Bonnie Sharp testified on behalf of **HB 2056** (Attachment 8). Cross-Lines is one of three agencies in the State of Kansas who work with the Kansas Department of Health and Environment, Bureau for Children, Youth and Families, Nutrition and WIC services under a contract to provide food distribution to the elderly and children under the Commodity Supplemental Food Program of the USDA. Cross-lines has created a legacy of program since 1963 that have positively impacted the lives of thousands of needy people. She introduced John Feeback and Ray Olsen, two Cross-Lines Board Members and Roger Glick, Associate Executive Director of Cross-Lines in attendance.

Ray Olsen presented testimony and spoke on behalf of Lou Rose, Executive Director, of Cross-Lines. He appeared in support of **HB 2056**. Cross-Lines provides daily assistance to families at risk and helped people in need regardless of their race, religion or ethnic origin. The testimony included 2004 statistics and a brochure of their program (Attachment 9).

There being no other conferees the Chairman closed the hearing on **HB 2056**.

HB 2244 - Sales tax exemption for KSDS, Inc., for the purpose of training and providing guide and assistance dogs for people with disabilities.

Mr. Courtwright stated that **HB 2244** would add a new sales tax exemption for purchases of Kansas Specialty Dog, Inc., (KSDS) as well as sales of property by or on behalf of the organization. They promote the independence and inclusion of people with disabilities through the training and providing of guide and service dogs to people with disabilities. The fiscal note is less than \$10,000.

Representative Sharon Schwartz, appeared in support of **HB 2244** on behalf of KSDS, an entity located in her home town of Washington, Kansas (Attachment 10). She has toured the facility and attended graduation ceremonies and believed it was worthy of the sales tax exemption.

Ed Henry, a KSDS Board member stated that although there was no hard documentation he believed that independence, attained through the use of guide dogs, had reduced the need for tax dollars for services for people with disabilities (Attachment 11). He urged passage of **HB 2244**.

Karen Price, CEO, KSDS, Inc. testified on **HB 2244** in support of the sales tax exemption (Attachment 12). The organization is funded through grants, corporate sponsors and individual donations. They are dedicated to the training and placement of assistance dogs as either guide or service dogs. KSDS, Inc. is a fully accredited program by Assistance Dogs International; the only organization in Kansas to earn this prestigious accreditation. Her testimony included copies of brochures used for educational and promotional purposes. Mike Jenson, a KSDS volunteer, and Clay (puppy in-training) were in attendance.

Seeing no other conferees the Chairman closed the hearing on **HB 2244**.

HB 2222 - Establishing the individual development account program.

The Chairman directed the Committee's attention back to **HB 2222**.

In response to a previous request from the Chairman, a handout was distributed on tax credit procedures relating to the individual development account program. Steve Stotts, explained the chart which listed and explained the responsibilities of the major components of the program(Attachment 13).

The Chairman reminded the Committee that previously they had adopted the O'Malley balloon amendment and they were on the bill, as amended.

Representative O'Malley made the motion to insert the following language on page 4, line 41, after \$4,000, except when necessary to comply with the emergency withdrawal provisions contained in Section 6 and amendments thereto. Representative Larkin seconded the motion. The motion carried.

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Discussions followed regarding the issue of transferability of credits and the process of determining the federal poverty level figure.

Representative O'Malley made the motion to appropriate a conceptual amendment to implement some type of audit procedure, after a pre-determined time. After discussion, Representative O'Malley withdrew his amendment.

Two suggestions were offered: First, that consideration be given to allow the program plenty of time for development before calling for an audit and secondly, that Dr. Deborah Adams, Associate Professor, University of Kansas could be an excellent resource regarding matters to follow-up the bill.

Representative Dillmore made a *conceptual* motion to add language on page 5, 2nd balloon. *When funds are withdrawn for an emergency, repayment would be based on a range between twelve months (minimum) to the same number of months a participant had been in the program, whichever is greater.* Representative Goico seconded the motion. The motion carried.

Representative O'Malley recommended that the committee pass **HB 2222**, as amended, favorable for passage. Representative Menghini seconded the motion. The motion carried.

The Chairman announced the appointment of a sub-committee regarding the "Investment in Excellence Fund" as in the Wilk/Jordon education proposal (Representative O'Malley - Chair, Representatives Hill, Carlson, Thull and Treaster). The Chairman stated that he would submit to the sub-committee a written concept by which they could direct their actions.

The meeting adjourned at 10:30 a.m. The next meeting is February 18, 2005.