

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on February 4, 2002 in Room 519-S of the Capitol.

All members were present except: Representative Ruby Gilbert

Committee staff present: Chris Courtwright, Legislative Research Department
Gordon Self, Office of the Revisor
Carol Doel, Committee Secretary

Conferees appearing before the committee: Harriet Lang, Kansas Association of Broadcasting
Gary McNair, KSNT-TV
Michelle Stubblefield, Topeka Advertising Federation
Marlee Carpenter, Kansas Chamber of Commerce
Kenneth Daniel, NFIB

Others attending: See attached list

Chairman Edmonds welcomed Vice-Chairman David Huff back to the committee after a two week absence.

Representative Siegfried was recognized for the introduction of a bill pertaining to the application of fees on wireless communication for the purpose of funding 911 emergency equipment, facilities and manpower.

There were no objections. The bill will be introduced.

Chairman Edmonds requested Chris Courtwright, Legislative Research Department, give a briefing on **HB 2075** a bill eliminating sales tax exemptions for broadcast media and advertising agencies. Mr. Courtwright provided a state sales tax exemption summary for committee review. ([Attachment 1](#))

Appearing before the committee as an opponent of **HB 2075** was Harriet Lang representing KAB (Kansas Association of Broadcasters). Her testimony expressed concern that if this bill became law three sales tax exemptions would be repealed. ([Attachment 2](#))

Chairman Edmonds opened the floor for questions from the committee.

Next to address the committee was Gary McNair, Vice-President and General Manager of KSNT-TV also an opponent of **HB 2075**. Mr. McNair's testimony specifically addressed the sales tax exemption on the purchase of electricity and equipment necessary to produce their product. ([Attachment 3](#))

Mr. McNair stood for questions from the committee.

Chairman Edmonds recognized Michelle Stubblefield , president of Topeka Advertising Federation who

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wished to address the committee in opposition to **HB 2075**. In the presented testimony, the Topeka Advertising Federation feels that as written the bill would result in services provided by licensed broadcast stations being taxed, but not those provided by independent production facilities, putting the stations at a disadvantage to both the production facilities and out of state stations that provide similar services. (Attachment 4)

Marlee Carpenter, Director of Taxation and Small Business, representing the Kansas Chamber of Commerce addressed the committee with their concerns regarding opposition to **HB 2075**. Ms. Carpenter's testimony included a list of sales tax on services from the latest Kansas, Inc. study as well as a letter from the Association of National Advertisers which explained how the felt this tax is economically unsound, too complex and expensive to administer effectively and that it sends an anti-business signal. (Attachment 5)

Chairman and C.E.O. of Midway Sales & Distributing, Inc, Mr. Kenneth Daniel, addressed the committee with their concerns regarding the passage of **HB 2075**. Mr. Daniel's testimony supported the feeling that a 7% or 8% sales tax on broadcast advertising and advertising services would result in either a reduction in the amount of advertising or reduction elsewhere such as health insurance benefits and that a reduction in advertising would result in a reduction in sales. (Attachment 6)

Mr. Daniel stood for questions in support of his testimony.

Mr. Hal Hudson of the NFIB (National Federation of Independent Business) submitted written testimony only for review by the committee. This testimony expressed the feeling that small business owners are already overburdened with taxes and that **HB 2075** would increase their burden. (Attachment 7)

With time not permitting testimony on **HB 2077** as scheduled, Chairman Edmonds announced that his intention was to hear testimony on this bill on Friday, February 7th.

With no further business, meeting adjourned at 10:40 a.m.