

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 2, 2006 in Room 519-S of the Capitol.

All members were present except:  
Representative Lana Gordon- excused

Committee staff present:  
Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:  
Senator Barbara Allen  
Dr. Roy Jensen, Director, KS Masonic Cancer Research Institute, KU Medical Center  
Randy Mettner, Adjutant General's Office  
LTC Doug Jacobs  
Captain Julie Burns

Others attending:  
See attached list.

**SB 384 - Checkoff: Kansas Military Emergency Relief; Breast Cancer Research**

Chris Courtwright briefed the Committee and said the bill, as amended, would require two new checkoffs be placed on the Kansas individual income tax form beginning in tax year 2006. Checkoffs are voluntary contributions that may be made on income tax forms. One checkoff would be for Kansas military emergency relief and the second would be for funding breast cancer research at the University of Kansas Cancer Center. The fiscal note for administrative costs would be \$160,000.

The Chairman opened the public hearing on **SB 384**.

Senator Barbara Allen provided more details a the status of checkoff programs throughout the country. Currently, eleven states have implemented breast cancer checkoffs, with checkoff legislation pending in many other states. Breast cancer is the most frequently diagnosed cancer and the second leading cause of cancer death among women in Kansas. She provided the rationale behind the choice of the University of Kansas to administer the program and explained the importance of the National Cancer Institute (NCI) designation.

She spoke about her experiences when she was diagnosed with cancer and underwent treatment at the Dana Farber Cancer Institute in Boston, MA. She said that women in Kansas should not have to travel out-of-state to obtain the highest standard of care for treatment of breast cancer and she urged passage of SB 384 (Attachment 1).

Dr. Roy Jensen, Director, KS Masonic Cancer Research Institute, KU Medical Center, said that the University of Kansas is engaged in an initiative to bring world-class cancer care to the Heartland. His testimony included a legislative briefing book which outlined their efforts. He delineated the need for significant additional resources, and the funding sources they hoped to engage. He commended Senator Allen for her courage in sharing her personal story and her proposal to add breast cancer research to the Kansas Income Tax Form checkoff list (Attachment 2).

Representative Carlin, voiced her concern that dollars were being sent exclusively to the KS Masonic Cancer Research Institute at KU Medical center in Kansas City. She referred to correspondence she had received from a medical doctor in Manhattan, who had treated her for cancer. She asked Dr. Jensen, whether he had visited with the people at KSU regarding this research program and the checkoff program. He responded that he had been to Manhattan to see Dr. Rob Denell, twice and Dr. Denell had visited him in Kansas City several times. She questioned

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whether the KSU Cancer Research Center would eventually benefit from the checkoff program. He answered that the cancer center at KSU was concerned with basic aspects of cancer research. Many of the principle investigators study a group of genes that are important in patterning and development, which promises to demonstrate a lot of fundamental aspects of many facets of cancer. However, he believed that Senator Allen's intent for the checkoff funds was to be designated for clinically focused efforts that had a greater direct impact on patients that are diagnosed with breast cancer in Kansas. They plan to continue to work with Dr. Denell and staff at KSU, however the checkoff is currently designed to be more focused on clinical and translational research, which is not part of the KSU mission.

Discussion followed regarding: 1) Location of current comprehensive cancer centers; 2) Rural availability of cancer trials; 3) Perimeters for qualifications of trials; 4) Exclusivity of KU Medical Center for research dollars; and 5) Projected revenue from checkoff program.

Testimony prepared by Major General Tod Bunting was distributed (Attachment 3). Randy Mettner, from the Adjutant General's Office spoke to the Committee. He described how the current Military Emergency Relief Fund is used and said that in the last two years they had assisted 58 members and families before the soldiers' deployment. **SB 384** would give a new source for funding and will allow the citizens of Kansas to show their support to the military. LTC Doug Jacobs and Captain Julie Burns answered Committee questions.

The Chairman closed the public hearing on **SB 384**.

Representative Siegfried presented a summary from the Sub-Committee.

### *Local Sales Tax Uniformity Proposal.*

- It affects only city sales tax authority, leaving as *status quo* county sales authority. See Sections 1 and 2.
- Any city sales tax adopted by claim of home rule authority prior to July 1, 2006 will be "grandfathered." See Section 1 (d).
- Cities are reduced from four classes (A through D) into essentially one class and all are provided authority to levy sales and use taxes of up to 2% for general purposes and up to 1% for special purposes (in increments of .05%), for total authority not to exceed 3%. Special purpose sales taxes must expire after 10 years.

Representative Siegfried made a motion that the Uniformity Sub-Committee report be accepted. Representative Owens seconded. The motion carried.

The Chairman distributed copies of an March 1, 2006 article posted on America Online regarding oil exports from Venezuela (Attachment 4). He assigned the following representatives to serve on the Special Joint Utility/Tax Energy Sub-Committee: Chair Carlson, Representatives George and Menghini. The Chairman said that due to previous obligations Representative George could not serve on the Energy Sub-committee and he appointed Representative Goico to replace him. He explained that the sub-committee will study and review the bills and return to the Committee with recommendations. If action is taken, and the bill passed out of the Committee, it will pass to the Utility Committee for their consideration.

### **HB 2601 - An act concerning sales taxation; relating to sales tax exemptions for certain sales of clothing, personal computers and school supplies.**

The Chairman reminded the Committee that upon adjournment of the February 21, 2006 meeting they were on the Kirk motion. Representative Kirk's motion would amend into **HB 2601**, a balloon from the Department of Revenue, that would bring the bill into conformity with the Streamlined Sales and Use Tax Agreement. He read the list of Committee members with pending questions. The list included Representatives Siegfried, Carlson, O'Malley and Kelly. A copy of the balloon was

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distributed (Attachment 5).

Discussion followed regarding the ramifications of not passing an amendment that would place the bill in compliance with the Streamlined Sales and Use Tax Agreement. The projected cost to the state would be \$12 million.

Representative Peck said that the definitions listed in the amendment went far beyond the intent of his bill. Therefore he made a substitute motion to pass the bill out favorably, as amended. Representative Brunk seconded the motion.

After continued discussion, Representative Peck closed his motion. The motion failed 9-12. Representative Brown requested his yes vote be recorded.

Representative Kirk closed her motion to amend the sales and use tax balloon into the bill. The motion passed.

Representative Dillmore moved that **HB 2601**, as amended, be passed out favorably for passage. Representative Thull seconded. The motion failed and the bill remains in the Committee.

The Chairman noted the Taxation Committee members that are currently serving on Sub-Committees:

Energy Issues: Representatives Carlson, Goico, and Menghini

Excise Tax on Sexually Explicit Businesses -Representatives Kinzer, Kelley, and Thull

Uniformity Issues - Representative Siegfried, Thull and Owens

The meeting adjourned at 10:45 A.M. The next meeting is March 3, 2006 at 10:00 A.M.