

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on January 29, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes  
Scott Wells, Office of the Revisor of Statutes  
Hank Avila, Kansas Legislative Research Department  
Chris Courtwright, Kansas Legislative Research Department  
Kathy Beavers, Committee Assistant

Conferees appearing before the committee:

Representative Peggy Mast  
Representative Don Hill  
Marc Goodman, Lyon County Counselor  
Matt Zimmerman, Emporia City Manager  
Jared Holste, Rawlins County Attorney

Others attending:

See attached list.

Bill Introductions:

Ms. Barb Langner, Kansas Health Policy Authority introduced a bill increasing the rate of taxation imposed upon cigarettes and tobacco products. A motion was made by Representative Carlson to accept the introduction. Representative Benlon seconded the motion. The motion carried.

Representative Annie Tietze requested a committee bill to rectify motor fuel tax underpayment to twenty counties without taxing for overpayment paybacks from other counties. A motion was made by Representative Menghini to accept the introduction and was seconded by Representative Hawk. The motion carried.

Representative Bill Wolf introduced a bill relating to exemptions, Golden Belt Community Concert Association. A motion was made by Representative Carlson to accept the introduction and was seconded by Representative Powell. The motion carried.

A motion was made by Representative Powell to introduce a committee bill concerning funding for a water plan. The motion was seconded by Representative Carlson. The motion carried.

Representative King made a motion to introduce a committee bill that would halt, through FY 2011, state matching funds for school district capital projects that have not been passed or had the election prove to be placed on the ballot by the start of this Legislative session. Representative Schwartz seconded the motion. The motion carried.

A motion was made by Representative Hawk to introduce a committee bill for Transportation Development District (TDD). The motion was seconded by Representative Menghini. The motion carried.

A motion was made by Representative Schroeder to introduce a committee bill reducing the general sales tax rate through various means. The motion was seconded by Representative Carlson. The motion carried.

A motion was made by Representative Kleeb to introduce a committee bill to repatriate foreign jobs outsourced by United States companies. The motion was seconded by Representative Kay Wolf. The motion carried.

The Chairman opened the hearing on **HB 2026**.

**HB 2026** - Election in Lyon county to increase retailers' sales tax declared valid, and tax imposed.

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Chris Courtwright gave a brief description of **HB 2026**. The bill will allow a one percent (1%) sales tax increase to help property tax relief with a sunset of 5 years. He stood for questions.

Richard Cram, Kansas Department of Revenue, and David Corbin, Assistant to the Secretary of Revenue, stood for questions concerning **HB 2026**.

Representative Peggy Mast testified in favor of **HB 2026** (Attachment 1).

Representative Don Hill testified in favor of **HB 2026** (Attachment 2). He described events in Lyon County that precipitated the request for a sales tax increase. He stood for questions.

Marc Goodman, Lyon County Counselor testified in favor of **HB 2026** (Attachment 3). Mr. Goodman stated the purpose of the bill is to validate the result of the election held in August 2008. He provided background information and a time line concerning the passage of the referendum to increase the sales tax in Lyon County. In August 2008, the county officials were made aware of not only problems with the implementation date, but of a misinterpretation of statutes as Lyon County already had a ½% tax in effect from 1999 for courthouse construction. This is a matter of high importance to the people of Lyon County. It is intended to provide property tax relief and assist capital outlays. By statute, its proceeds will be shared by all cities within Lyon County. He stood for questions.

Matt Zimmerman, Emporia City Manager, testified in favor of **HB 2026** (Attachment 4). Mr. Zimmerman stated that the voters passed a referendum, with a 62% majority, to collect a 1% sales tax to help reduce property taxes. A number of infrastructure improvements were delayed due to the unknown impacts from the Tyson layoffs. The referendum was a joint effort by the County Commission and City Commission to provide funding for maintaining infrastructure and lowering property taxes. The burden of funding would be moved from property taxes to sales taxes.

The Chairman closed the hearing on **HB 2026**.

The Chairman opened the hearing on **HB 2071**.

**HB 2071** - Validation of election granting sales tax authority for Rawlins County.

Chris Courtwright explained the background of **HB 2071**.

Representative John Faber had introduced **HB 2071** but was not able to stay to discuss this bill due to a conflict.

Jared Holste, Rawlins County Attorney testified in support of **HB 2071** (Attachment 5). He stated that the bill will allow Rawlins County to levy an additional 0.75% local sales tax and to continue the building of a public swimming pool. Mr. Holste provided background information on the need for the bill. He stood for questions.

In August 2008 a request for the additional sales tax increase was put on the primary ballot and was approved by a 730-489 vote. In the general election the issue was put on the ballot and passed by a 1117-396 vote. However, this puts Rawlins County in excess of its 1.0% local sales tax permitted by K.S.A 12-187 and thus the need for **HB 2071**.

The Chairman closed the hearing on **HB 2071**.

The Chairman asked the committee members if there was an objection to working the **HB 2026** and **HB 2071**. Seeing as there were no objections, the chairman stated the committee would work the bills.

Representative Powell made a motion to combine **HB 2071** into **HB 2026**. Representative George seconded the motion. The motion carried.

Representative King made a motion to remove language requiring retailers be given 60 days notice prior to

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imposition. Representative Powell seconded the motion. The motion carried. Discussion ensued.

A motion to favorably move **HB 2026** as amended was made by Representative Menghini and seconded by Representative King. The motion carried.

Representative Carlson told the members Mark Tallman, Kansas Association of School Boards, provided information requested by the committee at the January 28<sup>th</sup> meeting (Attachment 6). The query concerned how Kansas Association of School Boards determined dues. The information is in their folders.

The next meeting is scheduled for February 3, 2009.

The meeting was adjourned at 10:30 a.m.