

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on February 6, 2008 in Room 519-S of the Capitol.

All members were present except:  
Anthony Hensley- excused

Committee staff present:  
Gordon Self, Office of Revisor of Statutes  
Chris Courtwright, Kansas Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Ryan Hoffman, Kansas Legislative Research Department  
Judy Swanson, Committee Assistant

Conferees appearing before the committee:  
Sheila Frahm, Kansas Association of Community Colleges  
Dr. William Wojciechowski, President of Pratt Community College (Written only)  
Reginald Robinson, President of Kansas Board of Regents (Written only)  
Richard Cram, Kansas Department of Revenue (KDOR)  
April Holman, Kansas Action for Children  
Alan Cobb, Americans for Prosperity  
John Donley, Kansas Livestock Association  
Brad Harrelson, Kansas Farm Bureau (Written only)

Others attending:  
See attached list.

Marilyn Harp, Kansas Legal Services, requested a bill be introduced exempting Kansas Legal Services from sales tax. Senator Bruce moved to introduce requested bill, and Senator Donovan seconded the motion. Motion passed.

Chairman Allen moved to introduce a bill exempting Wayside Waifs Humane Society from sales tax. Senator Jordan seconded the motion, and the motion passed.

Senator Donovan moved to introduce a bill dealing with property valuation on for-profit golf courses changing it from valuation based on appraisal to ability-to-earn income. Senator Apple seconded the motion, and the motion passed.

Senator Apple moved to introduce a bill for sales tax exemption for East Central Economic Opportunity. Senator Pine seconded the motion, and the motion passed.

Senator Bruce moved to introduce a bill for sales tax exemption for Court Appointed Special Advocate and St. Francis Community Services. Senator Pine seconded the motion, and the motion passed.

Hearing on **SB 436–Districtwide retailers’ sales tax authority for community colleges**– was opened.

Sheila Frahm, Executive Director of Kansas Association of Community College Trustees, testified Kansas has 19 locally owned and administered community colleges in 18 counties, and the taxing districts for the property taxes are in these 18 counties. (Attachment 1) If **SB 436** was enacted, local community college boards could lower their property tax mill levy by partially replacing revenue with sales tax. Ms. Frahm reviewed sales and property tax data of Kansas Community Colleges. She indicated Kansas Department of Revenue (KDOR) needs to propose an amendment to deal with two community colleges in Montgomery County. Ms. Frahm presented written testimony from Dr. William Wojciechowski, President of Pratt Community College. (Attachment 2) She said Dr. Wojciechowski regretted he could not attend today’s Committee meeting due to inclement weather.

Reginald Robinson, President of Kansas Board of Regents, presented written testimony in support of

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**SB 436.** (Attachment 3)

Richard Cram, KDOR, presented concerns from KDOR. (Attachment 4) Mr. Cram proposed a suggested amendment that would deal with Montgomery County, since Montgomery County has two community colleges. Montgomery County needs a sharing formula and statutory language to ensure legislation would go into effect and be cancelled simultaneously within the county. The amendment would simplify the administration of the proposed community college sales tax for both the retail community and KDOR. It proposes a method for allocating between Independence and Coffeyville Community Colleges the taxes collected from taxpayers in the unincorporated areas of Montgomery County.

April Holman, Kansas Action for Children (KAC) , testified in opposition to **SB 436.** (Attachment 5) Although KAC supports community colleges, KAC's opposition to the bill stems from concern about the impact of additional local sales taxes on low and moderate income families and children.

Alan Cobb, Americans for Prosperity, testified in opposition to **SB 436.** (Attachment 6) Mr. Cobb thinks the language regarding financing property tax relief via sales tax proceeds is vague.

In response to Senator Donovan's question, Ms. Holman objected to replacing property tax with sales tax. Mr. Cobb did not object to a tax shift from property tax to sales tax.

In response to Senator Bruce, Chris Courtwright, Kansas Department of Legislative Research (KLRD), said the local ad valorem tax had not been distributed since 2002, and is not scheduled to be distributed again until 2010.

In response to Senator Apple, Gordon Self, Revisor of Statutes, said the bill does not expressly state whether the sales tax would be collected within the county only, or alternately within the entire taxing district of a community college.

Chairman Allen announced final action would not be taken on **SB 436** at tomorrow's Committee meeting. The hearing closed.

Hearing on **SB 510—property tax exemption; certain farm machinery and equipment—was** opened.

John Donley, Kansas Livestock Association (KLA), testified the need for **SB 510** arose due to inconsistent application of what was perceived to be the existing property tax treatment for truck beds and feed boxes. (Attachment 7) The Board of Tax Appeals (BOTA) has treated truck beds and feed boxes used for agriculture purposes inconsistently in the past. A survey of KLA members across the state showed most counties do not apply personal property tax to truck beds and feed boxes. Senator Donovan noted pick-up beds were included in this bill. Mr. Donley will provide an amendment to the bill which would exclude pick-up beds from the bill.

Written testimony from Brad Harrelson, Kansas Farm Bureau (KFB), in support of **SB 510** was distributed. (Attachment 8)

The hearing was closed.

Chris Courtwright, KLRD, reviewed **SB 471—Electronic filing of tax returns and reports.**

Senator Bruce moved to amend SB 471 on page 2, line 32, by lowering the 90% threshold to a 75% threshold. Senator Donovan seconded the motion, and the motion passed.

Senator Lee moved to further amend SB 471 in Section 1 and Section 3 by adding language that would specifically clarify individuals will not be required to file taxes electronically. Senator Jordan seconded the motion, and the motion passed.

Senator Lee moved SB 471, as amended, favorable for passage. Senator Jordan seconded the motion, and the motion passed. Senator Schmidt voted NO.

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Mr. Courtwright reviewed **SB 487–sales tax exemption for fees for guided and non-guided hunting**. Richard Cram, KDOR, distributed a Revised Notice 07-07 to the Committee. (Attachment 8) KDOR feels this clarifies the need for an amendment related to the taxation of hunting leases to **SB 487**.

Senator Bruce moved to amend SB 487 on page 3, line 32, by deleting “fees and charges for sporting clays” and inserting in lieu thereof, “clay shorting sports”. Senator Pine seconded the motion, and the motion passed.

Senator Bruce moved to further amend SB 487 on page 3, line 33, by adding “or hunting leases” after the word “clays”. Senator Schmidt seconded the motion, and the motion passed.

In response to Senator Schmidt, Mr. Cram said Notices are not the standard mechanism used by KDOR to distribute KDOR interpretation of legislation. In response to Chairman Allen, Mr. Cram said this interpretation has not been put into KDOR Rules and Regulations.

Senator Bruce moved conceptually to add fishing excursions and fishing leases to SB 487 and give the Revisor leeway to craft the language. Senator Donovan seconded the motion, and the motion passed.

Senator Bruce moved SB 487 as amended favorable for passage. Senator Apple seconded the motion, and the motion passed.

Senator Bruce moved to approve the Minutes of the January 30 and January 31 Committee meetings. Senator Schmidt seconded the motion, and the motion passed.

**SB 497–creating the Kansas investment credit act and the Kansas jobs credit act**– was briefly discussed. Senator Bruce expressed concerns over the removal of job training tax credits. He is interested in continuing discussion on the selling of tax credits. Senator Lee said she has particular interest in the Opportunity Zone portion of the bill.

Being no further business, the meeting adjourned at 11:40 a.m. The next Committee meeting will be February 7.