

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 17, 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  
Rose Marie Glatt, Committee Secretary

Others attending:  
See attached list.

**SB 404 - Sales tax exemption for purchase of personal property by certain organization used for the collection, storage and distribution of food products.**

Representative Goico made a motion to amend HB 2080, as passed out of the Committee, into SB 404. Representative Brunk seconded the motion. The motion carried.

Representative Huff made a motion to amend the version of HB 2640 that passed out of the Taxation Committee into SB 404. Representative Siegfried seconded the motion. The motion carried.

The Chairman called the Committee's attention to **HB 2997**, a bill pertaining to an agency that provides temporary lodging for children (TLC), a 34-year-old 501 (C) (3) non-profit agency serving children, youth, and families primary in Johnson, Wyandotte, Douglas, Miami, and Leavenworth Counties, whose focus is one services to abused and neglected children, youth and troubled teenagers. Representative Owens, O'Malley and Siegfried explained the benefits of the program (Attachment 1).

Representative Owens made a motion to incorporate HB 2997 into SB 404. Representative Siegfried second the motion. The motion carried.

Representative Davis explained that **HB 2866** deals with sales tax exemptions for homeless shelters, not affiliated with churches. He moved that they amend the contents of HB 2866 into SB 404. Representative Treaster seconded the motion. The motion carried.

Representative Huff made the motion they pass out SB 404, as amended, favorable for passage. The motion carried.

**SB 564 - Authorizing countywide retailers' sales tax for Saline county for expo center.**

The Chairman advised that he had considerable testimony from Senator Brungardt and county officials in support of this bill. He advised the Committee of the status of **HB 2689**.

Representative Thull made the motion to amend HB 2689 into SB 564. Representative Menghini seconded the motion. The motion carried.

Representative Thull made the motion to move out SB 564, as amended, favorable for passage. Representative Menghini seconded the motion. The motion carried.

**SB 465 - Increasing income tax credit for adoption of certain Kansas children.**

Representative O'Malley reviewed **SB 465** and **HB 2374** which deal with creating a task force to promote adoption. Copies of **HB 2374** were distributed (Attachment 2).

Representative O'Malley made a motion to amend the content HB 2374 into SB 465. Authority was

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given the revisor to change the effective date on the bill. Representative Owens seconded the motion. The motion carried.

Representative O'Malley closed his motion. The motion carried.

Representative Davis made a motion to adopt **SB 465**, as amended, and pass it out favorable for passage. Representative Treaster seconded the motion. The motion carried.

Subcommittee Report on **HB 2680** - Excise tax on certain commercial establishments, businesses and individuals which provide sexually explicit products and services.

Representative Lance Kinzer briefed the Committee on the findings and recommendations of the subcommittee pertaining to **HB 2680**. The subcommittee, made up of: Representative Kinzer - Chair, and Representatives Kelley and Thull, was established for the purpose of studying all issues relevant to **HB 2680**, with particular focus directed to the issue of potential legal difficulties relating to the nature of the proposed new tax (Attachment 3).

In summary, he said "The subcommittee believes **HB 2680** identifies a real and pressing issue. We have little doubt that sexually-oriented businesses generate negative secondary effects. We believe a reasonable, but unproven, legal argument exists for taxation of these businesses. We believe stronger legal precedent exists for licensure or other time, place and manner restrictions. Given the complexity of adopting such regulations, the subcommittee believes further study of this issue by an interim committee is justified."

Extensive discussion followed regarding alternatives available to cities concerning these type of businesses. A recommendation was made that a study of this issue may be better served in a task force rather than an interim study. Representative Kinzer did not oppose that option. The Kansas Advisory Committee on Intergovernmental Relations was suggested as a possible task force to consider the issue.

Representative Kinzer made a motion to adopt the Subcommittee Report into **HB 2680**. Representative Kelley seconded the motion. The motion carried.

The Chairman thanked the sub-committee for an excellent report and acknowledged their hard work. He said he would not take up the bill, pursuant to the subcommittee's recommendation.

**SB 365 - As amended, would create a stand-alone Kansas estate tax no longer tied directly to federal law, effective for the estates of decedents dying on and after January 1, 2007. The tax would sunset, effective for the estates of decedents dying on and after January 1, 2010.**

Representative Goico offered a conceptional amendment that would match the state exemption to the federal level until 2009. Representative Brunk seconded the motion.

Chris Courtwright said that the amendment would change the following: Page two, line 40, change from \$1,000,000 to \$2,000,000; Page three, line seven, change from "Not over \$1,000,000" to "Not over \$2,000,000"; Page three, line 20, change from "Not over \$1,000,000" to "Not over \$3,500,000. The fiscal note is unknown at this time. It was Representative Goico's intent to retain the rates as applied to his new amounts.

Representative Goico closed his motion to amend **SB 365**. The motion carried.

A Committee request was made for staff to determine what the fiscal note would be for Representative Goico's amendment.

The Chairman said that they would take up **SB 365** on Monday.

The meeting adjourned at 10:30 A.M. The next meeting is March 20, 2006.