

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 16, 2007 in Room 519-S of the Capitol.

All members were present except:

Representative David Crum- E
Representative Paul Davis- E
Representative Nile Dillmore- E
Representative Virgil Peck- E
Representative Gene Rardin- E
Representative Arlen Siegfried- E
Representative Mark Treaster- E
Representative Ron Worley- E

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Randall Allen - KS Assoc. Of Counties
Chairman Annabeth Surbaugh - Board of Johnson County Commissioners
Commissioner Tim Norton - Sedgwick County, Pres. Of KS County Commissioners Assoc.
Larry Baer, KS League of Municipalities

HB 2532 - Countywide Sales Tax Authority

Martha Dorsey, Legislative Research Dept, briefed the Committee on **HB 2532** (Attachment 1). She reviewed the background on the county tax rates and explained a table that provided summary information regarding sales tax rates for all purposes - including general as well as special or dedicated purposes, such as health care - among the 85 Kansas counties that impose a tax. Twenty counties do not impose a sales tax. She explained how the tax is distributed and committee activities during the interim session. She concluded by stating that at the end of the interim meetings the Committee made no recommendations.

The Chairman opened the public hearing on **HB 2532**.

Randall Allen - Executive Director. KS Association of Counties, testified that the bill would allow Kansas counties to impose a countywide sales tax for general purposes in an amount not to exceed 2% and a special purpose countywide sales tax in an amount not to exceed 1%. **HB 2532** would grant a blanket authority to counties and, within the restrictions set out in statute, boards of county commissioners could request voter approval to impose countywide sales taxes. County government are the broadest general purpose local government in Kansas, since all Kansans, regardless if they live in or outside a city, live in a county. He urged the committee to carefully consider **HB 2532** and to recommend it favorably for passage (Attachment 2). At the request of a committee member, Mr. Allen agreed to provide a memorandum that pulls together data on the dollars raised as they relate to population numbers, (data available from KDOR).

Chairman Annabeth Surbaugh - Board of Johnson County Commissioners, said that last year, major legislation was adopted which revamped the sales tax authority for cities. That legislation was not viewed as a tax increase, but as a means to provide adequate and standard sales tax authority to cities. **HB 2532** will extend similar sales tax authority to counties for the same essential reasons. Financing an infrastructure program and the associated operational costs is a significant challenge and this bill provides the means to incorporate use of the sales tax in our future financial planning without the need to return repeatedly to this body requesting additional authority (Attachment 3).

Commissioner Tim Norton - Sedgwick County, Pres. Of KS County Commissioners Assoc., testified that counties have a heavy reliance on a single funding source. This creates budget problems, as they are subject to the business cycle associated with that tax source. Today, sales taxes are more acceptable forms of taxation, when compared with property taxes, as it shares the burden among all residents and visitors to

CONTINUATION SHEET

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the community. Giving counties greater access to sales tax allows County Commissioners to fund county services in ways that satisfy taxpayers (Attachment 4).

Larry Baer, KS League of Municipalities, said that the League takes no position on the local option sales tax authority of the counties. Currently, as written, **HB 2532** does not change the distribution formula. If that were to change, the League would oppose the bill or any change or changes that would alter the existing statutory distribution formula for all sales taxes between the county and the cities located within the county (Attachment 5).

The Chairman advised that due to time constraints, the hearing on **HB 2548** will be moved to next Tuesday, March 20, 2007. The meeting was adjourned at 10:00 a.m. The next meeting is March 20, 2007.