

Approved On: _____

Minutes of the House Committee on Assessment and Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on March 4, 1985 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Ott, Erne, Crowell

Committee staff present:

Tom Severn, Legislative Research
Melinda Hanson, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

Mr. Bill Mitchell, of the Tobacco Institute, testified as a proponent of HB-2512. However, he asked that the bill be amended to provide for adequate notice to wholesalers of the increase in the tax.

Mr. Harley Duncan, Secretary of Revenue, testified in support of HB-2513 and answered the committee's questions concerning it. (Attachment 1) Chairman Rolfs requested further information concerning the number of retailers that are currently licensed under the bill.

This concluded the public hearing on HB-2513.

The minutes of March 1, 1985 were distributed. The chairman requested members to review the minutes and report any corrections to the committee secretary.

There being no further business, the chairman adjourned the meeting.



Ed C. Rolfs, Chairman

MEMORANDUM

TO: The Honorable Ed C. Rolfs, Chairman
House Committee on Assessment and Taxation

FROM: Harley T. Duncan
Secretary of Revenue *H.T.D.*

RE: House Bill 2513

DATE: March 5, 1985

Thank you for the opportunity to appear before you on HB 2513. The Department of Revenue supports this measure.

House Bill 2513 amends K.S.A. 79-3304 governing the qualifications of those persons eligible to be licensed as cigarette retailers and wholesalers. Current law requires that a license shall be refused to a person (including a corporation) who has been convicted of a felony crime involving moral turpitude or cigarette and tobacco laws and who has within the last two years finished serving the sentence for that crime. HB 2513 makes such refusal discretionary rather than mandatory.

The Department supports this legislation because current law places us in the position of denying persons the ability to do business in Kansas for activities that may in no way be related to the conduct of their business in Kansas. Given such circumstances, the Department feels that administrative discretion is desirable. The Department can still fulfill what I perceive to be the intent of current law with this amendment.

I must be frank with you and admit that this legislation comes before you at this time because of a situation we are currently facing. A sizeable corporation with some 25 retail cigarette outlets has been convicted of a felony violation of federal tax law. This act was allegedly committed by one or a few individuals and was unrelated to the operations of the corporation in Kansas.

Under the provisions of HB 2513, the Department could deal with this type of situation without the company having to resort to various maneuvers to continue their operations should they so desire. We could still, however, deny licenses to those whose prior activities caused them to be questionable cigarette vendors which is what I think the statute was intended to address. It would, however, allow us to deal equitably with situations in which one or a few members of a corporation violate the law in areas unrelated to their Kansas activities.

I would also note that there is some inconsistency in state law with respect to this situation. While the cigarette statutes

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require refusal of a license, the tobacco products statutes do not. Similarly, no such refusal requirement exists with respect to locally issue cereal malt beverage licenses.

I would be glad to attempt to answer any questions.