

Approved _____ Date _____

MINUTES OF THE Senate COMMITTEE ON Federal & State Affairs

The meeting was called to order by Senator Edward F. Reilly at
Chairperson

2:15 ~~am~~/p.m. on April 26, 1989 in room 254-E of the Capitol.

All members were present except:
Senator Yost who was excused.

Committee staff present:
Emalene Correll, Legislative Research Department
Marty Robison, Secretary

Conferees appearing before the committee:
Mark Wettig, Department of Revenue
R.E. "Tuck" Duncan, Ks. Wine & Spirits Wholesalers Assoc.

Chairman Reilly called the meeting to order.

Mark Wettig appeared before the committee to request introduction of a bill which would require the purchaser of a vehicle to verify the odometer information given by the seller (Attachment 1). Senator Bond moved the introduction of the proposal and Senator Ehrlich seconded. The motion passed.

A discussion was held on HB 2237 which deals with the defense to the crime of selling alcoholic beverage or cereal malt beverage to a minor if unknowingly sold to a minor using false identification.

Tuck Duncan requested the bill be amended to include a provision relating to sales to federal military installations. His language would read, "Notwithstanding K.S.A. 41-501, any distributor may claim and receive from the director a credit for taxes imposed by this section on spirits sold to a federal military installation in a federal area (Attachment 2). Mark Wettig said the Department of Revenue would not oppose such language.

Senator Bond moved the amendment and Senator Morris seconded. The motion carried.

Senator Strick moved HB 2237 be reported favorably as amended. Senator Vidricksen seconded and the motion passed.

Senator Vidricksen requested the committee introduce a bill which would allow the state board of regents to sell or exchange certain real property in Saline County. The property is located by Kansas College of Technology and would be used to train international pilots at the college. Senator Bond moved introduction of the proposal. Senator Vidricksen seconded and the motion passed.

Senator Vidricksen moved the bill be referred to the committee of the whole. Senator Strick seconded and the motion passed.

Senator Ehrlich requested introduction of a bill establishing a program encouraging certain employers to offer health benefit plans to eligible employees and providing income tax credits for employer contributions to such health benefit plans (Attachment 3). Senator Anderson moved the proposal be introduced. Senator Strick seconded and the motion passed.

The meeting was adjourned at 2:32.

MEMORANDUM

TO: The Honorable Edward F. Reilly, Chairman
Senate Committee on Federal and State Affairs

FROM: Mark E. Wettig,
Special Assistant to the Secretary of Revenue

DATE: April 26, 1989

SUBJECT: Request for Legislation

BACKGROUND

Kansas law currently requires the seller of a vehicle to certify the vehicle's mileage on the title at the time of sale. The Federal Truth in Mileage Act, Public Law 99-579, which becomes effective April 28, 1989, would also require the purchaser of the vehicle to verify the odometer information given by the seller.

RECOMMENDATION

The Department of Revenue recommends that K.S.A. 8-135 be amended to comply with Federal law.

Thank you.

SF & SA
4-26-89
Attachment 1

SENATE BILL No. 559

By Committee on Federal and State Affairs

2-2

0016 AN ACT concerning alcoholic liquor; amending K.S.A. 1987
0017 Supp. 41-501, 41-2601, 41-2642, 41-2643, 41-2645, 79-41a01,
0018 79-41a02, 79-41a03, 79-41a04 and 79-41a08 and repealing the
0019 existing sections.

0020 Be it enacted by the Legislature of the State of Kansas:

0021 Section 1. K.S.A. 1987 Supp. 41-501 is hereby amended to
0022 read as follows: 41-501. (a) As used in this section and K.S.A.
0023 41-501a and amendments thereto:

0024 (1) "Gallon" means wine gallon.

0025 (2) "Federal area" means any lands or premises which are
0026 located within the exterior boundaries of this state and which are
0027 held or acquired by or for the use of the United States or any
0028 department, establishment or agency of the United States.

0029 (b) (1) For the purpose of raising revenue a tax is imposed
0030 upon the manufacturing, using, selling, storing or purchasing
0031 alcoholic liquors in this state or a federal area at a rate of \$.18 per
0032 gallon on all beer containing more than 3.2% alcohol by weight;
0033 \$.30 per gallon on wine containing 14% or less alcohol by
0034 volume; \$.75 per gallon on wine containing more than 14%
0035 alcohol by volume; and \$2.50 per gallon on alcohol and spirits.

0036 (2) The tax imposed by this section shall be paid only once
0037 and shall be paid by the person in this state or federal area who
0038 first manufactures, uses, sells, stores, purchases or receives the
0039 alcoholic liquors. The tax shall be collected and paid to the
0040 director as provided in this act. If the alcoholic liquor is man-
0041 ufactured and sold in this state or a federal area, the tax shall be
0042 paid by the manufacturer, microbrewery or farm winery produc-
0043 ing it. If the alcoholic liquor is imported into this state by a
0044 distributor for the purpose of sale at wholesale in this state or a

credit

0045 federal area, the tax shall be paid by the distributor, and in no
0046 event shall such tax be paid by the manufacturer unless the
0047 alcoholic liquor is manufactured in this state. Notwithstanding
0048 the above, any distributor may claim and receive from the
0049 director a refund for taxes imposed by this section on alcoholic SPIRITS
0050 liquor sold to a federal military installation in a federal area. If
0051 not to exceed one gallon, or metric equivalent, per person of
0052 alcoholic liquor has been purchased by a private citizen outside
0053 the borders of the United States and is brought into this state by
0054 the private citizen in such person's personal possession for such
0055 person's own personal use and not for sale or resale, such import
0056 is lawful and no tax payment shall be due thereon.

0057 (c) Manufacturers, microbreweries, farm wineries or distrib-
0058 utors at wholesale of alcoholic liquors shall be exempt from the
0059 payment of the gallonage tax imposed on alcoholic liquors, upon
0060 satisfactory proof, including bills of lading furnished to the
0061 director by affidavit or otherwise as the director requires, that the
0062 liquors were manufactured in this state but were shipped out of
0063 the state for sale and consumption outside the state.

0064 (d) Wines manufactured or imported solely and exclusively
0065 for sacramental purposes and uses shall not be subject to the tax
0066 provided for by this section.

0067 (e) The tax provided for by this section is not imposed upon:

0068 (1) Any alcohol or wine, whether manufactured in or im-
0069 ported into this state, when sold to a nonbeverage user licensed
0070 by the state, for use in the manufacture of any of the following
0071 when they are unfit for beverage purposes: Patent and proprie-
0072 tary medicines and medicinal, antiseptic and toilet preparations;
0073 flavoring extracts and syrups and food products; scientific, in-
0074 dustrial and chemical products; or scientific, chemical, experi-
0075 mental or mechanical purposes; or

0076 (2) the privilege of engaging in any business of interstate
0077 commerce or otherwise, which business may not be made the
0078 subject of taxation by this state under the constitution and stat-
0079 utes of the United States.

0080 (f) The tax imposed by this section shall be in addition to all
0081 other taxes imposed by the state of Kansas or by any municipal

Attachment 2
4-26-89
SF-54

STATE OF KANSAS

ROY M. EHRLICH
SENATOR, THIRTY-FIFTH DISTRICT
RICE, BARTON, RUSSELL COUNTIES
ROUTE 1, BOX 92
HOISINGTON, KANSAS 67544-0092



TOPEKA

SENATE CHAMBER
April 4, 1989

COMMITTEE ASSIGNMENTS
CHAIRMAN PUBLIC HEALTH AND WELFARE
MEMBER FEDERAL AND STATE AFFAIRS
LABOR, INDUSTRY, AND SMALL BUSINESS
LOCAL GOVERNMENT
ADMINISTRATIVE RULES AND REGULATIONS
ADVISORY COMMITTEE OF STATE
DEPARTMENT OF AGING
NATIONAL CONFERENCE OF STATE
LEGISLATURES SPECIAL SELECTED
COMMITTEE—HEALTH CARE
NATIONAL SPECIAL SELECT STANDING
COMMITTEE OF THE MENTAL HEALTH
ASSOCIATION

Senator Edward Reilly, Chairman
Members of the Federal & State Affairs Committee
Statehouse
Topeka, KS 66612

Dear Chairman Reilly and Committee Members:

The Commission on Access to Services for the Medically Indigent and the Homeless, of which Senator Anderson and I are members, requests that a bill that would establish a program that would encourage employers with 25 or fewer employees to offer health insurance benefits to their employees be introduced by the Senate Committee on Federal and State Affairs. I would also request that the bill be referred to the Senate Committee on Commercial and Financial Institutions and that an interim study be requested by that Committee on the subject of incentives to encourage employers, particularly small employers, to offer health benefits to their employees and the dependents of such employees.

The bill that the Commission has drafted is based on legislation that was enacted in Oregon in 1987 and that is just now being implemented. Under the Oregon legislation, employers who qualify under the law are encouraged to offer health benefits through two incentives written into the legislation -- the ability to offer health benefits that do not include all mandated health insurance benefits and a tax credit that declines over several years until it is phased out.

The Commission discussed recommending that the state mandate that all employers offer health benefits as do the states of Hawaii and Massachusetts. However, since over half of the employers in Kansas have 50 or fewer employees, the Commission concluded that such legislation would be counter-productive. The members did conclude that one of the solutions to the problem of medical indigency is expanded employer-sponsored health insurance since some estimates indicate that as many as half the estimated 37,000,000 uninsured in the United States are either persons who are employed full or part time or the dependent spouses or children of individuals who are employed all or part of each year. The National Association of Children's Hospitals and Related Institutions has found that a growing number of the uninsured are children. According to the Association, the number of children not covered by health insurance has grown 13 percent since 1984 to 12 million.

SF&SA
4-26-89
Attachment 3

Senator Reilly, Chairman
Members of Federal & State Affairs Committee
April 4, 1989
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An interim study of incentives to increase employer-sponsored group health insurance coverage, particularly among employers of 25 or fewer, could also consider the Florida Small Business Access Act, a pilot program being conducted in Wisconsin and other state initiatives aimed at increasing health insurance coverage for the employed.

Sincerely,



Roy M. Ehrlich, Chairman
Commission on Access to Services For
Medically Indigent and the Homeless