

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:40 p.m. on March 10, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

- Representative Frownfelter-excused
- Representative Kelley-excused
- Representative Schwab-excused

Committee staff present:

- Gordon Self, Office of the Revisor of Statutes
- Scott Wells, Office of the Revisor of Statutes
- Chris Courtwright, Kansas Legislative Research Department
- Michael Wales, Kansas Legislative Research Department
- Marla Morris, Committee Assistant
- Allen Jeffus, Office Assistant

Conferees appearing before the Committee:

- Emily Hurst, Interfaith Housing Services
- John Todd, Citizens and Wichita Volunteer Coordinator for Americans for Prosperity
- Senator David Haley
- Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas

Conferees presenting written-only testimony:

- Secretary Pat George, Kansas Department of Commerce
- Secretary Nick Jordan, Kansas Department of Revenue
- Speaker of the House Mike O'Neal
- Michael R. Murray, Kansas Food Dealers Association and the Retail Grocers Association of Greater Kansas City

Others attending:

See attached list.

Bill Introductions:

Richard Cram requested introduction of legislation to allow the Department of Administration and the Federal Treasury Department to undertake a program that would provide for offsetting delinquent state debt federal payments on vendor contracts and enhance ability to collect delinquent tax. Representative Carlson moved introduction of the proposed legislation. Representative Hedke seconded the motion, and the motion carried unanimously.

Chairman Carlson opened the hearing on:

**SB 61 – Increasing income tax credit for contributions made by program contributors under the individual development account program.**

The Chairman directed the Committee to the fiscal note on **SB 61**, from Richard Cram, Kansas Department of Revenue (Attachment 1).

Scott Wells, Office of the Revisor of Statutes, briefed the Committee on **SB 61**. Individual Development Accounts are savings accounts for lower income individuals and families, with funds to be used for certain purposes as post-secondary educational costs, job training costs, qualified acquisition costs with respect to a qualified principal residence, major repairs or improvements to a primary residence or qualified business capitalization expenses. He explained that currently refundable credit is up to 50 percent of the contribution amount, provisions of **SB 61** would bring the refundable credit to 75 percent, and is capped at \$500,000.

Emily Hurst, Interfaith Housing Services, testified in support of **SB 61**. Ms Hurst explained the purpose of the Interfaith Housing Services and the benefits available to recipients. Her testimony provided a history of Kansas Individual Development Accounts (Attachment 2). The Interfaith Housing Services

## CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:40 p.m. on March 10, 2011, in Room 783 of the Docking State Office Building.

urges adoption of **SB 61**. She stood for questions

Chairman Carlson directed the Committee to the written-only testimony from proponents:

Secretary Pat George, Kansas Department of Commerce ([Attachment 3](#))

Secretary Nick Jordan, Kansas Department of Revenue ([Attachment 4](#))

Speaker Mike O'Neal, Kansas House of Representatives ([Attachment 5](#))

The Chairman closed the hearing on **SB 61**.

Chairman Carlson opened the combined hearing on:

**SB 1 - concerning consumer transactions; relating to the Kansas retailers'; sales tax act; requiring the cumulative rate to be printed on electronically printed sales receipts**  
**HB 2266 - Community improvement districts; notice of sales tax rate**

Scott Wells, Office of the Revisor of Statutes, briefed the Committee on **SB 1** and **HB 2266**. **SB 1** applies to all retailers, requiring the cumulative local and state sales tax rate be printed on electronic sales receipts and/or displayed conspicuously in the place of business. **HB 2266** applies to Community Improvement Districts (CID), and requires all retailers in a CID to print the CID tax rate and the amount of tax that was generated on each receipt. He stood for questions on both bills.

Chairman Carlson directed the committee to the fiscal notes on **HB 2266**, from the Division of Budget ([Attachment 6](#)), and the Department of Revenue ([Attachment 7](#)), placed in their daily packet.

John R. Todd, Citizen and Wichita Volunteer Coordinator for Americans for Prosperity, testified in support of **HB 2266**. He suggested requiring appropriately placed signage to alert consumers to the added CID sales tax in advance of the purchase, and provided a sample sign for consideration ([Attachment 8](#)).

Senator David Haley testified in support of **SB 1**, passage of **SB 1** will allow the consumer to know which aggregate charges comprise the sales tax rates at a particular place of purchase and provide greater opportunities for accountability and transparency ([Attachment 9](#)). His testimony included examples of the manner in which some businesses are currently displaying taxes charged on purchases. He stood for questions.

Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas, testified in opposition to **HB 2266**. He presented difficulties merchants will experience in computing separated tax rates on receipts ([Attachment 10](#)). His testimony included correspondence from a Kansas City service manager expressing merchant concerns. He stood for questions.

Chairman Carlson directed the Committee to the written-only testimony submitted in opposition to **SB 1** and **HB 2266**, from Michael R. Murray, Kansas Food Dealers Association and the Retail Grocers Association of Greater Kansas City ([Attachment 11](#)).

The Chairman closed the hearing on **SB 1** and **HB 2266**

Discussion and action on:

**SB 193 - Requiring social security numbers in support of claims for food sales tax refunds**  
**HB 2348 - Requiring social security numbers on Kansas income tax returns**  
**HB 2349 - Requiring social security numbers in support of dependent care expenses**

The Chairman explained that **HB 2355 - Requiring social security numbers in support of claims for food sales tax refunds** is a duplicate to **SB 193** and would not be placed in consideration with the discussion of these bills.

Representative Goico moved SB 193 favorable for passage, and the motion was seconded by Representative Powell.

## CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:40 p.m. on March 10, 2011, in Room 783 of the Docking State Office Building.

Representative Goico moved to amend **SB 193** by including **HB 2348** and **HB 2349** into the contents of **SB 193**. The motion was seconded by Representative Powell. Representative Goico closed and moved the motion to amend. The motion carried unanimously.

Representative Goico moved to pass **SB 193**, favorable, as amended. Representative Powell seconded the motion. The motion carried unanimously.

The next meeting is scheduled for 3:30 p.m., March 14, 2011, in Room 783 of the Docking State Office Building for the purpose of hearing:

**HB 2381 - Reduction to state income tax rates based on selected actual state general fund receipts computations, and sales tax rates and distribution**

The meeting was adjourned at 4:50 p.m.

**HOUSE TAXATION COMMITTEE**

Date: Thursday, March 10, 2011

[illegible]

## Marla Morris

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**From:** Richard.Cram@kdor.ks.gov  
**Sent:** Wednesday, March 09, 2011 6:24 PM  
**To:** Chris Courtwright; Marla Morris; Gordon Self; sean.tomb@budget.ks.gov  
**Subject:** SB 61 fiscal note  
**Attachments:** pic10202.jpg

----- Forwarded by Richard Cram/Revenue/KDOR on 03/09/2011 06:21 PM -----

2011 Senate Bill 061a Fiscal Note  
Introduced as a Senate Bill

### Fiscal Note Development

Bill Assigned: 01/27/2011

Responses Due: 01/31/2011

Note Due to Budget: 02/01/2011

Status: Sent to Budget

Prepared By: Steve A Stotts

Preliminary Completed: 02/03/2011

Reviewed by P&R: 02/03/2011

Approved by Secretary: 02/03/2011

Sent to Budget: 02/03/2011

Fiscal Impact: Passage of this bill will have a minimal impact on fiscal year 2012 state general fund revenues.

Administrative Impact: Administrative costs to modify this existing tax credit are estimated to be about \$10,760 in fiscal year 2012.

M E M O R A N D U M

House Taxation

Date: 3-10-11

Attachment: 1

To:  
Division of Budget

From: Kansas Department of Revenue

Date: 02/03/2011

Subject: Senate Bill 61  
Introduced as a Senate Bill

#### Brief of Bill

Senate Bill 61, as introduced, amends KSA 74-50,208 to increase the individual development account credit from 50% to 75%.

The effective date of this bill is on publication in the statute book for tax years beginning after December 31, 2010.

#### Fiscal Impact

Passage of this bill will have a minimal impact on fiscal year 2012 state general fund revenues.

In tax year 2009, about \$64,000 in individual development account credits were claimed. Increasing the credit amount to 75% would increase the credit amount by \$32,000.

#### Administrative Impact

Administrative costs to modify this existing tax credit are estimated to be about \$10,760 in fiscal year 2012.

IS costs are estimated to be about \$9,600, or 320 hours, of programming salary to modify this tax credit.

Tax Operations costs are estimated to be about \$1,160 in fiscal year 2012, for testing.

#### Administrative Problems and Comments

#### Taxpayer/Customer Impact

#### Legal Impact

#### Approved By:

(Embedded image moved to file: pic10202.jpg) Nick Jordan Secretary of Revenue

SENATE BILL No. 61

Emily Hurst  
emilyh@ihs-housing.org  
Interfaith Housing Services  
Hutchinson, KS 67501  
620.662.8370

Interfaith Housing Services is a nonprofit organization based in Hutchinson, KS. Interfaith Housing has served communities for over 20 years and currently serves 31 Kansas counties.

The bill proposed today increases the Individual Development Account tax credit percentage from its current 50 percent to 75 percent. Individual Development Accounts are an economic development tool designed for transitioning low and moderate income families off of government and social service assistance and into self-sufficiency and financial stability. This is accomplished through financial education and asset building.

This program has over fifteen years of documented success. The Corporation for Economic Development's extensive research reveals that every government dollar invested in the IDA program yields a return of approximately \$5 to the local economy in the form of new businesses, additional earnings, new and rehabilitated homes, reduced welfare expenditures, and human capital associated with greater educational attainment.

Our organization applied for the tax credits in late 2007 and began enrolling clients in mid 2008. Our program was recognized by the Department of Commerce as the highest functioning most effective IDA program in Kansas. Due to our comprehensive financial education and our clients' success we were asked by Commerce and other agencies to expand this program across the state in order to bring economic development opportunities to all Kansas communities.

Since the program's inception at Interfaith Housing Services in 2008 112 families completed financial education and 31 families graduated from the program. We recently made this opportunity available in nine additional counties. In expanding this resource we collaborate with existing non-profits in local communities, sharing our financial education curriculum and experience in budget counseling. These comprehensive tools in combination with the IDA Program and matched funding provide these local agencies with valuable assets for helping the families they serve become self-sufficient.

We are constantly looking for ways to increase the effectiveness and efficiency of our programs. The IDA program in particular is extremely motivating for us because of the results we see with our clients. We know that the more families we graduate from this program, the faster we can eliminate generational poverty and the faster we are can rebuild our local economies. By increasing the tax credit percentage to 75 percent we reduce our administrative costs for the program. The amount of funding allocated for this program stays the same. Nothing regarding the budget or what is allocated will change; this is simply a technical amendment. The current percentage of 50 percent is difficult to exchange for contributions because of the other competing 75 percent credits available throughout the state. Selling the 50 percent credit across the state requires a tremendous amount of staff time, materials and travel expenses. Increasing the percentage makes it possible for our organization to effectively compete with of other state tax credits and reduces our costs by two-thirds allowing us to spend more of our time and existing dollars on building assets in our communities.

Please consider adopting this technical amendment for increasing efficiency and collaboration through this effective economic development tool.

House Taxation  
Date: 3-10-11  
Attachment: 2

## Individual Development Account (IDA) History in Kansas

- The original IDA legislation was enacted in 2005 in Kansas to expand economic opportunity to Kansas families. Kansas modeled this after Missouri's legislation to create the program.
- The IDA program is designed to transition low and moderate income families off of government assistance and into self-sufficiency through financial education and asset building. **All program graduates become higher educated wage earners, small business owners, first time homebuyers, or are able to make significant home repairs.**
- The IDA legislation governs the requirements of the program and allows \$500,000 in 50 percent state tax credits annually for motivation for Kansans to contribute to this economic development tool.
- The Kansas Department of Commerce (KDOC) manages allocation of the IDA tax credits; however, they also manage many other 70 percent and 75 percent tax credit programs throughout the state. As mentioned earlier, IDA Kansas legislation was modeled from the state of Missouri which only had 50 percent state tax credits. **Most states now have 75 percent state credits for their IDA programs.**
- Organizations across Kansas have worked diligently to utilize the 50 percent state tax credits, yet cannot compete with the higher 70 percent credits, such as rural development and the 75 percent credits like the Historic tax credit and the Network Kansas tax credit.
- **The IDA program has a significant documented economic development impact on both rural and urban areas.** Please refer to the remainder of the packet for examples of national studies completed on the short and long term results of IDAs.
- Interfaith Housing Services (IHS) has undertaken the task of helping expand this program to all Kansas communities because of our remarkable success with the program. Also, IHS is creating sub-grantee agencies to reduce the time spent by the KDOC on this program.
- Interfaith Housing Services has leveraged **\$1,000,000 in a matching federal grant** for the IDA state tax credits.
- Yet, because this 50 percent credit cannot compete with other 75 percent state credits, it is significantly increasing the administrative costs for the agencies managing this program. **Increasing the credit to 75 percent does not change the amount allocated in the state budget for the program.** The \$500,000 cap remains the same. It simply evens the playing field for this economic development tool and allows agencies to reduce the administrative cost for managing the program, thereby, putting more money into building assets in Kansas.





**Testimony on Senate Bill 61 to  
The House Committee on Taxation  
by Secretary Pat George  
Kansas Department of Commerce  
March 10, 2011**

I am pleased to have the opportunity to submit this testimony today in strong support of Senate Bill 61.

SB 61 is an important piece of legislation that will enhance the quality of an already successful economic development program, the Kansas Individual Development Account Program. The IDA was originally created to build assets such as small businesses, new and rehabilitated homes, and post-secondary educations in Kansas.

In order to grow the IDA program in Kansas, it must be placed in line with other credits in the state that are currently available. This bill will increase the Individual Development Account tax credit to 75 percent from 50 percent. The current IDA tax credit percentage of 50 percent places these credits at a disadvantage when marketing against other credits available at the 70 percent and 75 percent levels. I strongly believe that this adjustment is necessary to grow this program that assists Kansas families in the transition from poverty to promise.

Please note that this adjustment will not increase the dollar amount allocated for this program. The IDA is capped annually at \$500,000.

I urge the committee to consider the impact of this program since it was created. Over two hundred families have had the opportunity to purchase assets through the program since 2008. This program has helped create a culture of saving for families, and of earning for themselves. Saving and creating assets is a critical step in the transition from government assistance to self-sufficiency, and ultimately economic growth.

Please join me in support of this technical amendment to continue advancing the Kansas IDA program, and expand the number of families that benefit.

**Testimony on Senate Bill 61 to  
The House Committee on Taxation  
by Secretary Nick Jordan  
Kansas Department of Revenue  
March 10, 2011**

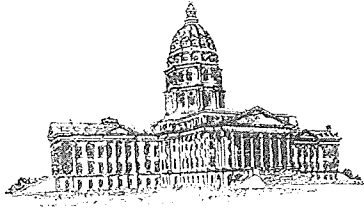
I am pleased to submit this testimony today in support of Senate Bill 61. SB 61 is an important piece of legislation that will increase the efficiency of an already successful program, the Kansas Individual Development Account Program (IDA). In order to grow the IDA program in Kansas, it must be placed in line with other credits in the state that are currently available. Please be aware that this adjustment will not increase the dollar amount allocated for this program. The IDA is capped annually at \$500,000.

This bill will increase the Individual Development Account tax credit to 75 percent from 50 percent. The current IDA tax credit percentage of 50 percent places these credits at a disadvantage when marketing against other credits available at the 70 percent and 75 percent levels. The IDA was created to build assets such as small businesses, new and rehabilitated homes, and post-secondary educations in Kansas. I believe that this technical adjustment is necessary to grow this program across Kansas.

Saving and creating assets is a critical step in the transition from government assistance to self-sufficiency, and ultimately economic growth for all of our communities. Please join me in support of this technical amendment to continue advancing the Kansas IDA program.

House Taxation  
Date: 3-10-11  
Attachment: 4

STATE OF KANSAS  
HOUSE OF REPRESENTATIVES



MICHAEL R. (MIKE) O'NEAL  
SPEAKER

**Memorandum**

**Date:** March 10, 2011

**RE:** SB 61

I am pleased to offer my support of Senate Bill 61. SB 61 is an important piece of legislation that increases the efficiency of an already successful economic development program. The Kansas Individual Development Account Program (IDA) builds assets such as small businesses, new and rehabilitated homes, and post-secondary educations in Kansas.

This bill will increase the Individual Development Account tax credit to 75 percent from its present 50 percent. Increasing the state's IDA Program tax credit percentage will create equality for the program that is currently being marketed against other credits available at 70 and 75 percent levels.

Please be aware that this adjustment does not increase the dollar amount allocated for this program. The IDA tax credit is capped annually at \$500,000.

This program has successfully transitioned hundreds of Kansas families off of government assistance and created financially stable households that are building assets in communities that need it most.

Please join me in support of this amendment to increase efficiency of this effective economic development tool.

**Speaker Mike O'Neal**

TOPEKA ADDRESS

STATE CAPITOL BLDG., SUITE 370-W  
TOPEKA, KS 66612  
785-296-2302  
e-mail: mike.oneal@house.ks.gov

104TH DISTRICT

HUTCHINSON/NORTHEAST RENO COUNTY  
website: reponeal.com

House Taxation

Date: 3-10-11  
Attachment: 5  
HUTCHINSON ADDRESS

BOX 2977  
HUTCHINSON, KS 67504  
620-662-0537  
FAX: 620-669-9426  
e-mail: mike@gh-hutch.com

Landon State Office Building  
900 S.W. Jackson, Room 504  
Topeka, KS 66612



phone: 785-296-2436  
fax: 785-296-0231  
steve.anderson@budget.ks.gov

Steven J. Anderson, CPA, MBA, Director

Division of the Budget

Sam Brownback, Governor

February 24, 2011

The Honorable Richard Carlson, Chairperson  
House Committee on Taxation  
Statehouse, Room 274-W  
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2266 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2266 is respectfully submitted to your committee.

HB 2266 would require all retailers in a community improvement district (CID) to print the CID tax rate and the amount of tax that was generated by the CID tax rate on each receipt that is issued to a consumer.

The Department of Revenue indicates that HB 2266 would have no fiscal effect on state revenues or expenditures. Retailers would incur costs to reprogram cash registers, but such costs cannot be estimated.

Sincerely,

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Steve Neske, Revenue

House Taxation  
Date: 3-10-11  
Attachment: 6

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**From:** Richard.Cram@kdor.ks.gov  
**Sent:** Wednesday, March 09, 2011 6:26 PM  
**To:** Chris Courtwright; Marla Morris; Gordon Self; sean.tomb@budget.ks.gov  
**Subject:** HB 2266 fiscal note  
**Attachments:** pic26477.jpg

----- Forwarded by Richard Cram/Revenue/KDOR on 03/09/2011 06:24 PM -----

2011 House Bill 2266b Fiscal Note  
Introduced as a House Bill

#### Fiscal Note Development

Bill Assigned: 02/11/2011  
Responses Due: 02/15/2011  
Note Due to Budget: 02/16/2011  
Status: Sent to Budget  
Prepared By: Steven R Brunkan  
Preliminary Completed: 02/16/2011  
Reviewed by P&R: 02/16/2011  
Approved by Secretary: 02/17/2011  
Sent to Budget: 02/17/2011  
Fiscal Impact: None.  
Administrative Impact: None

#### M E M O R A N D U M

To:  
Division of Budget

House Taxation  
Date: 3-10-11  
Attachment: 7

From: Kansas Department of Revenue

Date: 02/17/2011

Subject: House Bill 2266  
Introduced as a House Bill

#### Brief of Bill

House Bill 2266, as Introduced, amends existing community improvement district (CID) statutes. The proposal amends K.S.A 12-6a31 to require retailers in a CID to print on the receipt issued to the purchaser the rate of the CID tax and how much tax was generated by the CID tax rate.

The Act would be effective July 1, 2011.

#### Fiscal Impact

The proposal does not impact state revenues.

#### Administrative Impact

Information would be published on the department's website concerning the requirement for printing the CID Rate and tax amount.

#### Administrative Problems and Comments

The proposal does not cause any issues or problems for the department. The bill requires the CID tax rate and tax amount be printed on the receipt. Currently, retailers are not required to split out state, local or special tax rates and amounts on the receipt. Although this proposal will enable a purchaser to see the CID rate and amount, it does not provide for reporting of the other tax rates (state, city and/or county) and amounts for a purchase.

It is expected some retailers may have to replace existing equipment in order to meet the requirements of the bill.

#### Taxpayer/Customer Impact

Enable purchasers to see, from a printed receipt, the CID tax rate and the amount of tax they are being charged.

#### Legal Impact

#### Approved By:

(Embedded image moved to file: pic26477.jpg) Nick Jordan Secretary of Revenue

John R. Todd  
1559 Payne  
Wichita, Kansas 67203  
(316) 312-7335

March 10, 2011

Representative Richard Carlson, Chair, and  
Members of the House Standing Committee on Taxation

Subject: My testimony in **SUPPORT** of **House Bill #2266** before the  
House Standing Committee on Taxation, March 10, 2011 at 3:30  
P.M., Location: 783 DSOB

Good afternoon Chairman Carlson and Members of the Committee on Taxation. My name is John Todd and I live in Wichita, Kansas. As a citizen and as the Wichita volunteer coordinator for Americans For Prosperity, I have spent considerable time over the last few years studying local governmental issues with particular interest in local economic development incentive programs like the Community Improvement District (CID) financing tool that are facilitated by state law.

I am a strong supporter of the tax disclosure requirements that are detailed in House Bill #2266. Tax transparency and disclosure for the Kansas consumer is an essential element needed for purchasers to make an "informed" choice whether or not they are willing to pay the additional sales tax required to fund the CID financing programs.

At a minimum, please pass House Bill #2266 as it is proposed, but give some consideration to adding additional disclosure requirements to the Bill that give consumers more advance notice of the added sales tax. I would suggest requiring signage on either the retailer's door or at each cash register in advance of the customer making their purchase selections, and have enclosed a sample suggestion notice.

House Taxation  
Date: 3-10-11  
Attachment: 8



To be candid, I have never been a great fan of the CID financing program. I think it is bad public policy for state and local government to randomly mandate an additional sales tax onto Kansas's consumers that is collected by government and is then handed back to a private project developer. I believe the program directs potential retail customers away from existing retail businesses along to retailers in government favored development projects. The higher sales tax paid by Kansas consumers simply diverts money away from their own needs and into the pockets of a private sector developer.

The CID program for the City of Wichita has resulted in a "patchwork" of different taxing units that is confusing for the consumer. The enclosed map shows the rapid expansion of CID financing projects that has occurred since the CID program was authorized by the legislature in 2009. Looking at this map, one can see that Wichita is developing a random proliferation of separate taxing districts. I would think that this "hodge-podge" method of setting local taxing authority would eventually create difficult problems for both local as well as state officials in determining and setting future tax policy.

Is the City of Wichita sales tax 7.3%, or 8.3%, or 9.3%? Wichita and Kansas consumers need to know the answer to this question at the cash register as HB#2266 provides, or preferably in advance of selecting their purchases so they can make an informed choice by knowing how much sales tax they are going to pay for the goods and services they purchase.

John R. Todd

# CUSTOMER NOTICE

THIS PROJECT MADE POSSIBLE BY  
COMMUNITY IMPROVEMENT DISTRICT (CID)  
FINANCING

STATE LAW REQUIRES THIS RETAIL MERCHANT  
TO COLLECT  
AN ADDITIONAL

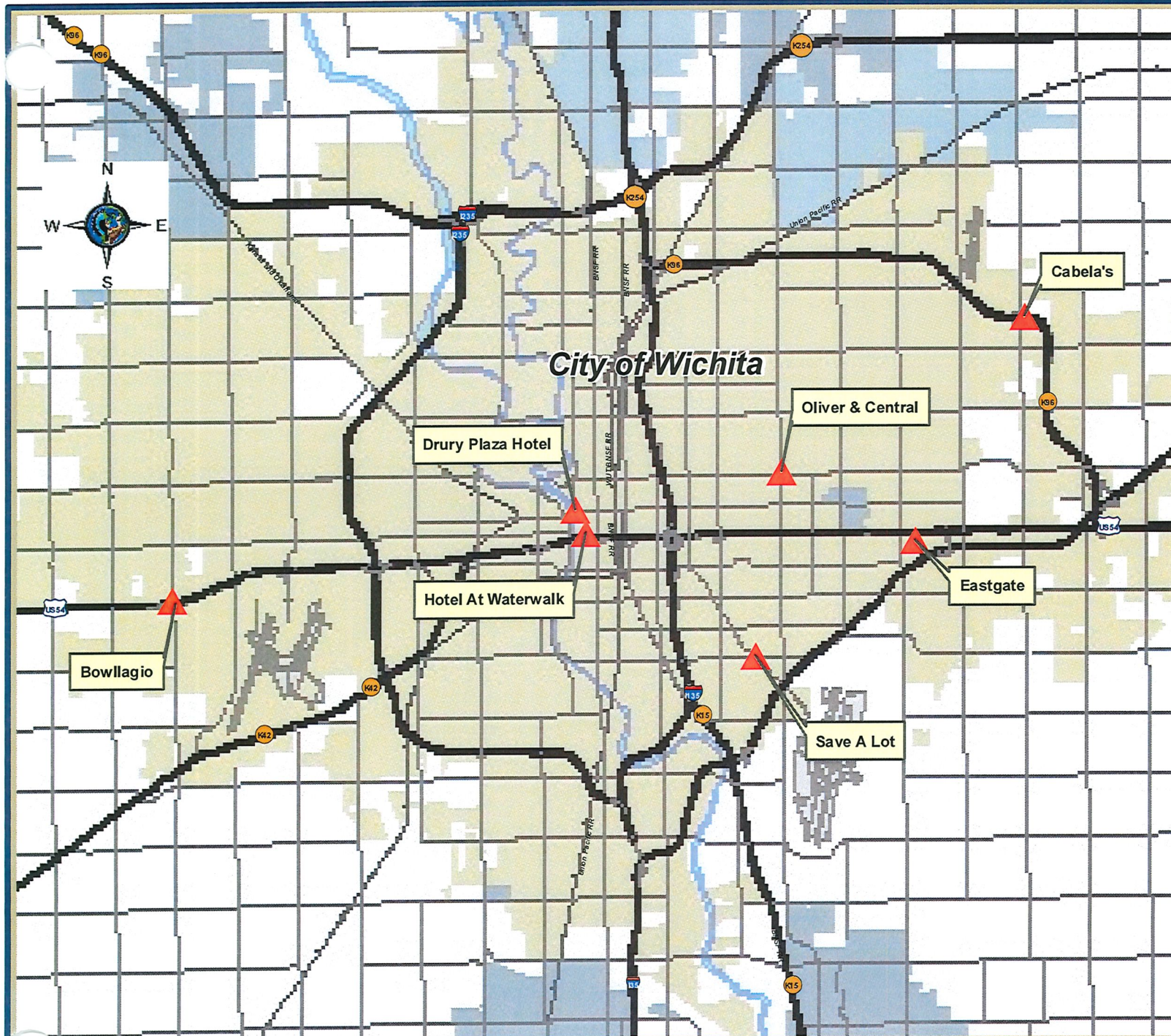
## 2% SALES TAX

THAT WILL BE RETURNED TO THE PROJECT  
DEVELOPER TO PAY FOR THE CID FINANCING.

The CID financing for this project was authorized by the City of Wichita under state law, and increases the current sales tax this merchant charges from 7.3% to 9.3%.

# Community Improvement Districts

City of Wichita  
Sedgwick County,  
Kansas



DATE: 3/9/2011

It is understood that the Sedgwick County GIS, Division of Information and Operations, has no indication or reason to believe that there are inaccuracies in information incorporated in the base map.

The GIS personnel make no warranty or representation, either expressed or implied, with respect to the information or the data displayed.



OFFICE  
STATE CAPITOL BUILDING  
ROOM 424-E  
TOPEKA, KANSAS 66612  
(785) 296-7376; (785) 296-0103/FAX  
David.Haley@senate.ks.gov

# STATE OF KANSAS



DISTRICT  
CIVIC CENTER STATION  
POST OFFICE BOX 171110  
KANSAS CITY, KANSAS 66117  
(913) 321-3210; (913) 321-3110/FAX  
SenHaley@aol.com

SENATE CHAMBER

**DAVID B. HALEY**  
SENATOR  
DISTRICT 4  
WYANDOTTE COUNTY

March 10, 2011

## TESTIMONY IN SUPPORT OF SB 1

**TO: CHARIMAN CARLSON AND MEMBERS OF THE HOUSE TAXATION COMMITTEE:**

Thank you for scheduling this relatively simple matter for a hearing.

Senate Bill 1 will require any sale that produces a printed receipt to include the cumulative percentage of ALL sales taxes charged to be on the same receipt and/or conspicuously display the same total posted in the store.

Some retailers in Kansas and in other States already provide this information to the customer. However, as an investigation in 2010 confirmed, many retailers bill erroneous sales tax amounts.

Senate Bill 1 will allow the consumer to know which aggregate charges comprise the sales taxes at a particular place of purchase and provide greater opportunities for accountability and transparency.

The Senate passed the bill unanimously.

Please recommend this matter favorably. I am happy to stand for any questions.

( Examples Attached)

House Taxation  
Date: 3-10-11  
Attachment: 9

COMMITTEE ASSIGNMENTS  
FEDERAL & STATE AFFAIRS  
JUDICIARY REAPPORTIONMENT  
PUBLIC HEALTH & WELFARE

JOINT COMMITTEE ASSIGNMENTS  
STATE TRIBAL RELATIONS CHILDREN'S ISSUES  
CORRECTIONS & JUVENILE JUSTICE OVERSIGHT  
HEALTH POLICY OVERSIGHT

McDonald's Corporation  
Thank you for eating at McDonald's

812 MINNESOTA AVE  
KANSAS CITY, KS 66101

THANK YOU

MCDONALD'S MACKING I TEL# (913)321-0542

KS#12 **S#1** Feb.05'11(Sat)15:33  
RE# 11235

GRL CKN CAESAR SALAD 4.99  
MCDDOUBLE 1.00  
SML FRENCH FRIES 1.00  
RANCH DRESSING 0.00

SUB TOTAL 6.99  
TAKE OUT TAX 0.62

7.61

CASH TENDERED 10.11

CHANGE 2.50

THANK YOU  
FOR EATING AT  
TACO BELL  
(816) 741-9299

REG 3 ORDER STORE 022921  
**311**

DATE: 12/06/10 TIME: 10:41PM

CASHIER: 45 KENDRA

1 STEAK QUESADILLA 9  
1 CHICKEN BURRITO 39  
1 SIDE 00  
PLUS  
NACHO CHEESE 50

SUBTOTAL 4.78  
TAX .52  
DRIVE-THRU TOTAL 5.30

DID WE DO WELL?  
ENTER FOR YOUR CHANCE TO WIN \$1000  
DETAILS ON BACK OF RECEIPT

PLEASE A ORDER BY 1\*\*

1 \$1,000 GIVEAWAY ON BACK 1 \$1,000 GIVEAWAY ON BACK 1 \$1,000 GIVEAWAY ON BACK

# Walgreens

The Pharmacy America Trusts • Since 1901™  
430 10 7128 03069 004

RFN# 0306-9047-1288-1102-0420

IDT P/CRD\$10 1A 10.00  
ACCT#0000003049009661  
IDT P/CRD\$10 1A 10.00  
ACCT#0000003049009659  
IDT P/CRD\$10 1A 10.00-VOID  
ACCT#0000003049009659  
SUBTOTAL 10.00

A=8.95% SALES TAX .90  
TOTAL 10.90

CASH 20.00  
CHANGE 9.10



001 Sw Topeka Blvd, Topeka, KS  
STORE (785)354-1470

OPEN 24 HOURS  
THANK YOU

SAVE ON YOUR PRESCRIPTIONS BY JOINING  
WALGREENS PRESCRIPTION SAVINGS CLUB  
SEE PHARMACY FOR DETAILS

FEBRUARY 4, 2011 11:33 AM

## CVS/pharmacy

5440 NW 64TH ST, KANSAS CITY, MO  
(816) 741-5576

#02 TRN#3503 CSHR#0752140 STR#8556

BLFNT 2% MILK1G 3.59B

SUBTOTAL 3.59  
MO 5.475% TAX .20  
TOTAL 3.79  
CASH 5.00  
CHANGE 1.21



2508 5560 3393 5030 21  
RETURNS WITH RECEIPT THRU 02/03/2011

DECEMBER 5, 2010 5:50 PM

GET YOUR CVS EXTRACARE CARD

THANK YOU. SHOP 24 HOURS AT CVS.COM



March 10, 2011

Memorandum:

To: House Taxation Committee  
From: Thomas M. Palace  
Re: Opposition to HB 2266

Mr. Chairman and Members of the House Taxation Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

PMCA Opposes HB 2266.

House Bill 2266 will require the sales tax rate to be printed on electronically printed sales receipts. This requires a separate line item on the receipt to include the community improvement district sales tax rate. This poses a major problem for retailers when tax rates are required to be separated out. Some cash registers only allow one tax rate to be shown.

Although this may seem to be an easy fix by simply requiring retailers to include the tax rate percentage on a receipt, it is not. Software updates require a technician to be hired causing down time to the system to make the required updates. Obviously depending on the software and type of cash register that is being used by a retailer may cause problems for some retailers to comply with HB 2266. I don't know if all cash registers have the ability to show the description on the receipt. The age of the machine may not allow this. Additionally, in the rural areas of Kansas it would not be unheard of to have a retailer purchase a register at Office Max or some other office supply store that have very simple systems that would not have the ability to break down tax rates. They could probably compute a cumulative rate but not tax rates within a tax rate.

I have attached an email from John Goode, Service Manager for Petroleum Equipment Inc., adds the perspective down the problems associated with the printing the actual tax rate on the receipts.

Please know that this legislation will not only impact motor fuel retailers and convenience stores but it will also apply to: florist shops, antique stores and many other small retailers. If the intent of this legislation is to make the consumer aware of the cumulative local tax rate, a simple sign by the register would suffice...like SB 1. The requirement to break down the tax rate on a receipt poses problems for many small retailers that may not even be aware that this legislation is pending before the Kansas Legislature.

PMCA opposes HB 2266.

Thank You,

**Petroleum Marketers and Convenience Store Association of Kansas**  
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House Taxation  
Date: 3-10-11  
Attachment: 10

tom palace

Subject: FW: SB 1

Subject: RE: SB 1

Dave,

Sorry for the delay in getting back to you. I have visited with VeriFone, (The POS of choice at about 75% of C- Stores) and currently their software in both the Ruby and Sapphire, are not able to print the actual tax rate on the receipt. I am not a Gilbarco Distributor so I can not verify if the following information applies to them as well, however I do believe that it would. I can see these requirements being a big problem for any POS manufacturer, as well as for the authors of the bill, as the authors must get the bill written correctly to cover all the State, County, City, and Special taxes.

Who would bare the cost of having the software rewritten, and recertified with all of the different credit card networks. As you know each network (Conoco Phillips, BP, Shell, Buypass, Cenex, ECT.) all have the own version of software, thus requiring just this one manufacture to make changes to probably at least 30 different versions of software. Add that to all the different POS manufactures submitting their new version of software to each network for certification and it could take a very long time to get a software into the field that would be capable of doing this. This would not only be a costly task, but also a vary time consuming one, as many of the networks are already running behind because of all the PCI compliance issues.

As I am sure you are aware of there are several different tax types that would have to be taken into account. 1<sup>st</sup> is a straight percentage tax, in the KCTV 5 video I saw it was shown @ 8.925% for Kansas City Ks. However what they failed to mention is that in other parts of Kansas City, Kansas some areas according to wycokck.org have additional taxes ranging from 1/10<sup>th</sup> of a cent to one penny. How would the consumer know if he/she is in the area that allows for the higher sales tax? Would the POS then have to list the boundary area of the higher taxes locations?

2<sup>nd</sup> would be the break point at which taxation starts, in some areas the tax is not just a flat rate, it may not begin tax until after, lets say the first 9 cents, (the actual break points vary by locality) thus this would then not allow the consumer to be able calculate the tax without an actual tax break point chart. Would the POS have to print the actual Break Points so that the consumer could tell if he/she got charged the correct amount.

3<sup>rd</sup> I believe that a gallon of fuel has a certain amount of tax included in the price of every gallon. This tax amount does not change even thought the price of fuel increases or decreases. Therefore the actual percentage rate would vary depending upon the price of the fuel at the time of it delivery to the consumer. How would the consumer know if he/she was getting properly charged?

Please let me know if I could answer any other questions.

Thanks

John Goode  
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**Before the House Taxation Committee**  
**Michael R. Murray**  
**On behalf of the Kansas Food Dealers Association**  
**and the Retail Grocers Association of Greater Kansas City**  
**Thursday, March 10, 2011**  
**SB 1 and HB 2266**

**WRITTEN TESTIMONY**

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to express opposition to SB 1 and SB 2266 by the Kansas Food Dealers Association (KFDA) and the Retail Grocers Association of Greater Kansas City (RGA) are opposed to SB 1 and HB 2266.

These two organizations represent over 500 grocers in the State of Kansas including Price Chopper, Hen House, Associated Wholesale Grocers, Dillons, Hy-Vee and many independent retail grocery stores.

Both of these bills would place undue and unnecessary burdens on retailers.

**SB 1** would require each retail location to print the total sales tax rate for that jurisdiction on the cash register receipt, or post a sign near the cash register with that information. How many signs would that be? One for each register in a large grocery store? Who bears the cost of printing the signs? Is that to be considered an additional and mandated cost of doing business, or will the state supply the signs?

**HB 2266** would require that a retailer to print on the cash register receipt the tax rate of a community development district sales tax, AND how much tax is generated by the community improvement district sales tax.

Who bears the cost of reprogramming all of the point-of-sale terminals in the stores which would be the result of these two bills? This is no small task.

The amount of sales tax is already printed on the cash register receipt. That should be enough information for consumers to know what sales taxes are being assessed on their purchases.

If there are businesses which are not abiding by the law, they should be penalized under the law.

Respectfully, we ask that you vote NO on SB 1 and HB 2266.

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