

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:40 p.m. on March 15, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

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:

Roger Coverdale, Jackson County Commissioner

Linette Miller, Edwards County Economic Development Corporation

Craig Weidaug, Douglas County Administrator

Others attending:

See attached list.

Bill Introductions: None

Chairman Carlson introduced discussion and action on: **HB 2381 - Reduction to state income tax rates based on selected actual state general fund receipts computations, and sales tax rates and distribution.**

Representative Kleeb moved to pass HB 2381 favorably. Representative Denning seconded the motion. The motion carried.

Representative Kleeb moved to place the contents HB 2381 into 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, delete the contents of SB 1 and pass out favorably as House Substitute for SB 1. The motion was seconded by Representative Schroeder. The motion carried. Representative Frownfelter requested to be on record that he objected to this move, and his vote in opposition be recorded.

Chairman Carlson announced the hearings on **SB 10 – An ACT concerning sales taxation** and **HB 2366 – Sales tax authority for Douglas County** would be held together due to the similarity of the bills, then he opened the hearing on **SB 10** and **HB 2366**.

Michael Wales, Legislative Research Department, briefed the Committee on **SB 10**. Passage of the bill would provide Edwards County, upon approval of the voters, an additional local sales tax authority of 0.375 percent, allowing the county a total sales tax rate of 1.375 percent. The proceeds would be used for economic development initiatives.

**HB 2366** concerns a local sales tax for Douglas County by modifying the purpose to include conservation, the preservation of cultural heritage and for economic development projects and activities. Passage of **HB 2366** would allow the county to use the 0.25 percent tax currently in place, for uses other than preservation, access and management of open space, and industrial and business park related economic development permitted in the current law. The bill does not grant new authority. Mr. Wales stood for questions on **SB 10** and **HB 2366**.

The Chairman directed the Committee to the fiscal notes for **SB 10**, from the Division of Budget (Attachment 1), and the Kansas Department of Revenue (Attachment 2), placed in the daily packets.

Linette Miller, Edwards County Economic Development Corporation, testified in support of **SB 10**. Edwards County relies on fund raising to meet budget expenses for economic development. Passage of

## CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:40 p.m. on March 15, 2011, in Room 783 of the Docking State Office Building.

**SB 10** would grant authority to place the question of a 0.375 percent county wide sales tax rate increase to a vote by Edwards County residents (Attachment 3).

Roger Coverdale, Jackson County Commissioner, spoke in support of **SB 10**. On behalf of Jackson County, Mr. Coverdale requested authorization to place a 0.4 percent countywide retailer's sales tax issue to the vote of residents of Jackson County on August 7, 2012, to fund additional road and bridge repair and improvement, and economic development (Attachment 4). He responded to questions from the Committee.

There were no other conferees presenting testimony on **SB 10**.

Chairman Carlson directed the Committee to fiscal notes from the Division of Budget (Attachment 5) and the Kansas Department of Revenue for **HB 2366** (Attachment 6).

Craig Weinaug, Douglas County Administrator, spoke in support of **HB 2366**. The Douglas County Commission would like the option to ask the voters to approve an increase in the sales tax rate. Should the county put the increase to a vote, the increased revenue would be used to support a slightly broader range of possible projects, specifically to broaden open space projects to include heritage conservation and to broaden the industrial park side to include other economic development activities (Attachment 7). Mr. Weinaug stood for questions.

There were no other conferees presenting testimony on **HB 2366**. Chairman Carlson closed the hearing on **SB 10** and **HB 2366**.

Discussion and action on: **HB 2347 - Earned income tax credit amount decreased and made nonrefundable**

Representative Calloway moved to pass **HB 2347** favorably. Representative Schwartz seconded the motion.

Representative Calloway moved an amendment to reinsert wording in line 9 and striking portions of line 10 and line 11 to bring the bill back to 18%, leaving the bill unchanged. Representative Tyson seconded the motion. The motion to amend carried unanimously.

Representative Tyson moved an amendment to allow the tax credits to be carried for five years, so that the language would read such that the amount thereof, which exceeds such tax liability may be carried forward for credit in the succeeding taxable year or years not to exceed five years until the amount is used. On a show-of-hands vote, the vote was: Yeas 14; Nays 6. The motion carried.

Representative Calloway closed on the motion to pass **HB 2347** as amended favorable. Representative Tyson seconded the motion, and the motion carried. Representatives Goico, Gatewood, Wolfe Moore, McCray Miller, Dillmore, Phelps, Frownfelter, and Donohoe requested their vote in opposition be recorded.

The next meeting is scheduled for Wednesday, March 16, 2011, in Room 783 of the Docking State Office Building, for the purpose of hearing:

**SB 177 - Statute of limitations increased for taxpayers claiming certain refunds and credits**

**SB 59 - Interest rate charged; delinquent or unpaid tax and overpayment of taxes**

**HB 2365 - Imposing a tax on wire transmission of moneys outside the state**

**HB 2392 - Establishes a process for federal debt setoff of delinquent state debt**

Chairman Carlson announced the hearing on **HCR 5013 - Constitutional amendment to provide revenue, expenditure and taxation limitations on state government**, originally scheduled for March 16, has been removed from the agenda.

The meeting adjourned at 5:07 p.m.

# HOUSE TAXATION COMMITTEE

DATE: March 15, 2011

NAME	REPRESENTING
Colin Curtis	Sandstone Group
Lawrence Ellis	KS Chamber
Robert Wendel	Jackson County
Ed Kathman	Dickinson County
Larry Fenske	Jackson County
Randy Pool	JACKSON COUNTY
Bruce Hanley	Jackson County
Bret Bauer	City of Holton
Kevin L. McKee	CITY OF HOLTON
Bob Weeks	NONE
STHERESE BONGERT	Sisters of Charity of Leavenworth
BEATRICE SWOOPES	KANSAS CATHOLIC CONF.
EDWARD LARSON	" " " "
LARRY R BARN	LKM
Annika Miller	Ed. Co. Economic Development
Mandy McQuinn	SCA
Michelle Chiles	Cap & Waite
Tara Mays	KDOT
Bernie Koch	KEPC
Sandy Braden	GBA
Jim Brunning	OF Chamber
Joe Kossman	FOUCA of KS

Landon State Office Building  
900 SW Jackson Street, Room 504  
Topeka, Kansas 66612

Steven J. Anderson, CPA, MBA, Director



Division of the Budget

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

Sam Brownback, Governor

January 24, 2011

The Honorable Les Donovan, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 10 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 10 is respectfully submitted to your committee.

SB 10 would allow Edwards County to enact a countywide 0.375 percent retail sales tax to finance the costs of economic development initiatives. Edwards County already has a 1.0 percent tax in effect and does not have the statutory authority to increase the sales tax beyond a total of 1.0 percent. This bill would raise the total county sales tax allowed in Edwards County to 1.375 percent.

The Department of Revenue indicates SB 10 would affect only sales tax collections in Edwards County and would have no fiscal effect on state revenues. The Department of Revenue indicates that the administrative costs associated with implementing the provisions of SB 10 would be negligible and could be absorbed within existing resources.

Sincerely,

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

cc: Steve Neske, Revenue  
Melissa Wangemann, Kansas Association of Counties

House Taxation  
Date: 3-15-11  
Attachment: 1

**Marla Morris**

---

**From:** Richard.Cram@kdor.ks.gov  
**Sent:** Tuesday, March 15, 2011 8:12 AM  
**To:** Marla Morris  
**Subject:** Fiscal Note SB 10  
**Attachments:** pic04664.jpg

----- Forwarded by Richard Cram/Revenue/KDOR on 03/15/2011 08:05 AM -----

2011 Senate Bill 010a Fiscal Note  
Introduced as a Senate Bill

**Fiscal Note Development**

Bill Assigned: 01/14/2011

Responses Due: 01/18/2011

Note Due to Budget: 01/19/2011

Status: Sent to Budget

Prepared By: Steven R Brunkan

Preliminary Completed: 01/18/2011

Reviewed by P&R: 01/18/2011

Approved by Secretary: 01/19/2011

Sent to Budget: 01/19/2011

Fiscal Impact: No state revenue impact.

Administrative Impact: None.

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

To:  
Division of Budget

House Taxation  
Date: 3-15-11  
Attachment: 2

From: Kansas Department of Revenue

Date: 01/19/2011

Subject: Senate Bill 10  
Introduced as a Senate Bill

**Brief of Bill**

Senate Bill 10, as Introduced, concerns sales tax and Edwards County. The proposal amends K.S.A. 12-187, 12-189 and 12-192 to provide special taxing authority for Edwards County. The bill would enable Edwards County to impose a 0.375% countywide sales tax, upon approval of the voters, for economic development. All of the proceeds from the tax would be retained by the county.

The Act would be effective upon publication in the Kansas Register.

**Fiscal Impact**

There is not impact to state revenues from this proposal.

**Administrative Impact**

There is no costs with this proposal. Should Edwards County increase their sales tax rate, the costs to enact the tax will be absorbed by the department.

**Administrative Problems and Comments**

None.

**Taxpayer/Customer Impact**

Provide the residents of Edwards County the ability to increase their sales tax for funding economic development initiatives

**Legal Impact**

**Approved By:**

(Embedded image moved to file: pic04664.jpg) Nick Jordan Secretary of Revenue

P.O. Box 161  
1<sup>st</sup> St.  
Kinsley, KS 67547  
620-659-2711  
1-877-464-3929  
Fax: 620-659-3304  
Email: [ecedc@sbcglobal.net](mailto:ecedc@sbcglobal.net)  
[www.edwardscounty.org](http://www.edwardscounty.org)



March 11, 2011

**Testimony for House Taxation Committee Regarding SB10**

Dear Committee Members,

I am writing to you regarding SB10 which would allow Edwards County the opportunity to vote on the question of whether to raise its county wide sales tax rate .375% over the statutory limit of 1% for the purpose of funding Economic Development initiatives. I am the Economic Development Director for Edwards County and I have held this position since August of 2008. When I took this position there had been a vacancy for approximately 18 months. During that 18 month vacancy we watched a rapid decline brought about by the loss of some of our small businesses as well as a missed opportunity at recruiting a significant retail store.

I am an employee of the County of Edwards, however, the County is not able to fully fund my position. This leaves the agency in a tenuous position of constantly relying on fundraising to make our budget as well as spending considerable time and effort toward these endeavors. Our board has realized after several attempts at various fundraising activities that the only way to provide a secure source of funding for the program as well as provide for growth is to seek funding through sales tax. Our County Commissioners promptly gave us their approval to seek this increase as they feel that it should be up to the residents to decide how to fund Economic Development. Our decision to seek the rate of  $3/8^{\text{th}}$  cent rather than  $1/4$  or  $1/2$  cent is simple. An increase of  $1/4$  cent would not provide enough funding for our program to operate and  $1/2$  cent would provide more than we need.

There is a precedent for raising the tax over the 1% limit in increments differing from  $1/4$  of a dollar. It was done in Jackson County where they raised their tax by .4%. A .375% tax for Economic Development would provide us with approximately \$87,000 based on the amount collected in Edwards County in 2009. This amount would allow us enough to fully fund our budget as well as provide for growth in our programs and the possibility of establishing incentives for new and expanding businesses.

This method of funding would allow us to spread the burden over the entire population of the county as well as to those who visit and shop here. Even with this raise our sales tax rate of 8.675% in Kinsley and 7.675% in the remainder of Edwards County will be below or comparable to most of the surrounding communities like Hays (8.550%), Dodge City (8.950%), Larned (8.8%) or Great Bend (8.050%). Funding economic development through a sales tax will also provide our agency an incentive to bring in new business and tourism to our communities. The more results we realize the more funding we are allowed to work with.

This increase will allow us to provide relief to an already stretched County budget and property owners who have seen a 10 mil increase over the last year. None of us likes tax increases, however, we feel this is the most fair method of funding economic development. We realize that without the efforts of Economic Development we will continue to decline and hope to use the sales tax as a method of raising funds to make improvements, like our neighboring communities, that will not only benefit our county but those in our region as well as the State.

Over the last month I have spoken with many of our citizens about the proposed tax increase. I have received very few negative responses and most residents prefer the fairness of sales tax and want to ensure that our economic development agency is sustained with a stable funding source. I am very optimistic at this point that this measure will pass the county vote.

At the present time our funds are only guaranteed through October of 2011. So it is with urgency that we have asked for this legislative permission to place the question on the April 5, 2011 ballot. Our agency will not be able to sustain itself until the next general election in November 2012 without considerable and drastic changes that could affect the economic stability of our County.

As this initiative will not affect any other counties or the State of Kansas and will provide no undo hardship to Edwards County residents or be assessed without prior approval through a countywide vote, we hope that the committee will consider recommending this bill for passage by the House.

If you have further questions please contact me at 1-877-464-3929 or [ecedc@sbcglobal.net](mailto:ecedc@sbcglobal.net).

Sincerely,

Linette Miller  
Executive Director

House Taxation  
Date: 3-15-11  
Attachment: 3

# Jackson County Commission

Courthouse - 400 New York

Holton, Kansas 66436



ROGER COVERDALE, HOLTON  
FIRST DISTRICT COMMISSIONER

ED KATHRENS, CIRCLEVILLE  
SECOND DISTRICT COMMISSIONER

LARRY FENSKE, HOYT  
THIRD DISTRICT COMMISSIONER

PHONE (785)364-2826 OR 1-866-256-5472  
FAX 364-4204

March 15, 2011

I'm Roger Coverdale, Chairman of the Jackson County Board of Commissioners. We are here to request authorization to place a .4% sales tax issue to the vote of the residents of the county. Seven years ago the voters of Jackson County approved a .4% sales tax issue that has funded both road and bridge repair and improvement and economic development. That sales tax issue will expire on March 31, 2012. The Board of Commissioners would like to give the voters the opportunity to fund more road and bridge repair and improvement through a continuance of the .4% sales tax for another 7 years.

Jackson County has recently partnered with the Northeast Kansas Rural Development Association for economic development in Jackson County. We plan to budget annually for the funding of economic development using cooperative efforts with RDA. Therefore we would like to see all of the .4% sales tax dollars designated for road and bridge repair and improvement.

The estimated annual funding derived from the .4% sales tax for road and bridge repair and improvement is \$162,000.00. That amount would double to \$324,000.00 if given the full .4% sales tax.

Currently 3 miles of roads per year are rebuilt and rocked. The estimated material and fuel costs per mile for rock 7 inches thick is \$43,000.00.

Jackson County also has 17 sites where box bridges or plank bridges less than 20 feet in length are in need of replacement – 10 are urgent and 7 are requested. With an average cost of \$10,000.00 per site X 17 sites, the total cost would be \$170,000.00.

The latest census figures revealed that Jackson County is one of the Kansas counties experiencing population growth. The Jackson County Board of Commissioners wants to offer the opportunity to vote on this issue to the voters in our county. Even faced with a

House Taxation

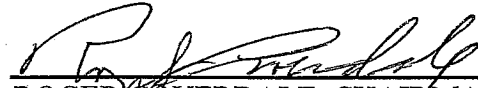
Date: 3-15-11  
Attachment: 4



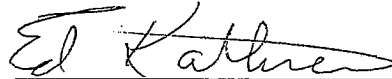
tough economy, we are hopeful that the voters will conclude that the conditions of our roads and bridges warrant a continued .4% sales tax. Overall, we feel a sales tax is more fair than expecting property owners to shoulder the entire cost. We would like for voters to make that decision.

Sincerely,

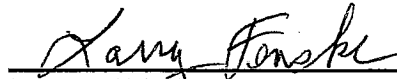
BOARD OF COUNTY COMMISSIONERS  
JACKSON COUNTY, KANSAS



ROGER COVERDALE, CHAIRMAN



ED KATHRENS, MEMBER



LARRY FENSKE, MEMBER

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF JACKSON COUNTY, KANSAS**

**RESOLUTION NO. 2011-08**

**A Resolution requesting authority to submit to the qualified electors of  
Jackson County, Kansas the proposition of levying a  
Four-tenth percent (.4 %) countywide retailers' sales tax**

**ON THIS 14<sup>th</sup> DAY OF MARCH, 2011, THE BOARD OF COUNTY COMMISSIONERS OF JACKSON COUNTY, KANSAS,** are duly assembled at a regular meeting of such County Commissioners for the purpose of transacting business on behalf of Jackson County, Kansas and the general welfare and supervision of county employees.

**WHEREAS,** the Board of County Commissioners of Jackson County, Kansas, after due consideration of the proposition by the Jackson County Road and Bridge Department that a four-tenth percent (.4 %) countywide retailer's sales tax for the purpose of financing public infrastructure projects hereby requests that the House of Representatives and the Senate of the State of Kansas grant to Jackson County, Kansas the authority to place said proposition on an election ballot, and hereby enacts this Resolution.

**WHEREAS,** K.S.A. 12-187, et seq., as amended, authorizes the Governing Body to submit to the qualified electors of the County of Jackson, State of Kansas, the question of levying a retailers' sales tax, such tax to be collected by the State Department of Revenue with the revenue therefrom returned to the County; and

**WHEREAS,** the Governing Body of Jackson County, Kansas, has determined that additional revenue is needed by the County for road and bridge repair and improvements;

**BE IT RESOLVED, BY THE GOVERNING BODY OF JACKSON COUNTY, KANSAS,**

**SECTION 1.** A special question election shall be held in the manner prescribed by law at the primary election on the 7<sup>th</sup> day of August, 2012, for the purpose of submitting to the qualified electors of Jackson County, Kansas, the question of levying a retailers' sales tax countywide, in the amount of four-tenth percent (.4%), such tax to take effect on October 1, 2012, and for a period not to exceed seven (7) years, if approved by a majority of the electors voting thereon.

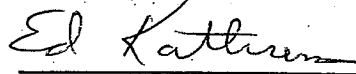
**SECTION 2.** If approved by a majority of the electors voting thereon, such tax shall be subject to all applicable state laws and administrative rules and regulations of the Kansas Department of Revenue. The services of the Department of Revenue shall be utilized to administer, enforce and collect such tax.

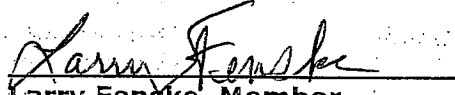
**SECTION 3.** The county election officer shall cause notices to be published of this special question election, as provided by law.

Passed by the Governing Body this 14<sup>th</sup> day of March, 2011.

**Board of County Commissioners,  
Jackson County, Kansas**

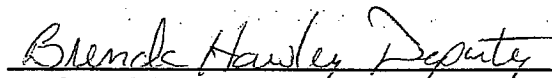
  
Roger Coverdale, Chairman

  
Ed Kathrens, Member

  
Larry Fenske, Member



**Attest:**

  
Kathy Mick, Jackson County Clerk

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

March 14, 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 2366 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2366 is respectfully submitted to your committee.

Current law allows Douglas County to enact a countywide 0.25 percent retail sales tax for the purposes of preservation, access and management of open space, and for industrial and business park related economic development. HB 2366 would modify the purpose of the tax to include conservation, access and management of open space, preservation of cultural heritage, and for economic development projects and activities.

The Department of Revenue indicates HB 2366 would affect only local sales tax collections in Douglas County and would have no fiscal effect on state revenues. The Department indicates that the administrative costs associated with implementing the provisions of HB 2366 would be negligible and could be absorbed within existing resources.

Sincerely,

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

cc: Steve Neske, Revenue

House Taxation  
Date: 3-15-11  
Attachment: 5

**From:** Richard.Cram@kdor.ks.gov  
**Sent:** Tuesday, March 15, 2011 8:11 AM  
**To:** Chris Courtwright; Marla Morris; Gordon Self; sean.tomb@budget.ks.gov  
**Subject:** Fiscal Note HB 2366  
**Attachments:** pic15350.jpg

----- Forwarded by Richard Cram/Revenue/KDOR on 03/15/2011 08:05 AM -----

2011 House Bill 2366b Fiscal Note  
Introduced as a House Bill

#### Fiscal Note Development

Bill Assigned: 03/02/2011

Responses Due: 03/04/2011

Note Due to Budget: 03/07/2011

Status: Sent to Budget

Prepared By: Steven R Brunkan

Preliminary Completed: 03/04/2011

Reviewed by P&R: 03/04/2011

Approved by Secretary: 03/04/2011

Sent to Budget: 03/07/2011

Fiscal Impact: None.

Administrative Impact: No impact

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

To:  
Division of Budget

House Taxation  
Date: 3-15-11  
Attachment: 6

From: Kansas Department of Revenue

Date: 03/04/2011

Subject: House Bill 2366  
Introduced as a House Bill

Brief of Bill

House Bill 2366, As Introduced, concerns local sales tax. The proposal amends K.S.A. 12-187 (b)(11) as it applies to Douglas county submitting the question of imposing a countywide retailers' sales tax at the rate of .25%.

It modifies the purpose for the tax to include conservation, the preservation of cultural heritage and for economic development projects and activities.

The Act would be effective July 1, 2011.

Fiscal Impact

This bill does not impact state revenues.

Administrative Impact

There is no administrative impact from this bill.

Administrative Problems and Comments

None.

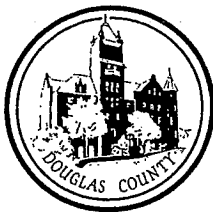
Taxpayer/Customer Impact

Allows Douglas County to use a .25% tax for uses other than was originally in the statute.

Legal Impact

Approved By:

(Embedded image moved to file: pic15350.jpg) Nick Jordan Secretary of Revenue



**DOUGLAS COUNTY ADMINISTRATOR**

1100 Massachusetts Street  
Lawrence, KS 66044-3064  
(785) 832-5328 Fax (785) 832-5148  
cweinaug@douglas-county.com

**G. Craig Weinaug**  
County Administrator

March 15, 2011

Chairman Richard Carlson  
House Taxation Committee  
Room 783, Docking State Office Building  
915 SW Harrison Street  
Topeka, KS 66612

Ladies and Gentlemen:

I was informed late this morning of this hearing before your committee with regard to a proposed house bill to amend K.S.A. 2010 Supp. 12-187. This bill applies only to Douglas County and as a result, I was asked by Representative Sloan to testify on behalf of the Douglas County Commission. K.S.A. 12-187 provides for the process for a county to impose a countywide sales tax. Paragraph 11 of this bill, as it is currently in state law, would enable the county commission to call an election of the voters of Douglas County to decide whether they are willing to pay an extra .25 cent sales tax to support and finance industrial park improvements, and projects to conserve and protect open space in Douglas County. This statute has been in existence for over 10 years and was added to the statutes at the request of the County Commissioners who were in office at that time.

The current county commission would like the option to ask the voters to approve an increase in the sales tax to support a slightly broader range of possible projects. Specifically they would like to broaden open space projects to include heritage conservation, and to broaden the industrial park development side to include other economic development activities.

I do not think that it is likely that this county commission will call for an election in the current economic environment, but they may very well pursue an initiative like this when the economy has improved.

Sincerely,

G. Craig Weinaug  
County Administrator

GMC:rmc

House Taxation  
Date: 3-15-11  
Attachment: 7