

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 10:00 A.M. on March 6, 2006 in Room 519-S of the Capitol.

All members were present except:
Representative Lana Gordon- excused

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

Others attending:
See attached list.

The Chairman said the intent of the meeting was to review the menu of bills from the 2005 session that pertained to sales tax exemptions. They have had public hearings on all the bills with the exception of **HB 2433** and **HB 2434** therefore he withdrew those two bills from consideration.

HB 2006 Sales tax exemption for CHWC, Inc. neighborhood housing organization
HB 2056 Sales tax exemption for cross-lines cooperative council
HB 2080 Sales tax exemption for lyme association of greater Kansas City, Inc.
~~**HB 2101** Sales tax calculation for isolated or occasional sale of motor vehicles; sales tax refunds~~
~~**HB 2102** Sales tax exemption for construction of facility conveyed to business qualifying for sales tax exemption~~
HB 2204 Sales tax exemption for membership charges of health and fitness organizations
HB 2219 Sales tax exemption for project of West Sedgwick County - Sunrise Rotary Club
HB 2220 Sales tax exemption for cleaning and reconditioning storage and transport petroleum drums
HB 2221 Sales tax exemption for sales by public libraries and support organizations
HB 2236 Sales tax exemption for Marillac Center, Inc.
HB 2244 Sales tax exemption for KSDS, Inc., for training and providing guide and assistance dogs for people with disabilities
HB 2290 Sales tax exemption for Dreams Work, Inc.
~~**HB 2433** Sales tax exemption for convention of Skills USA~~
~~**HB 2434** Sales tax exemption for sales of certain energy efficient electric household appliances~~

He opened the floor for discussion and possible action. There was a question on the status of **HB 2101**, and staff advised that **HB 2102** had passed out of the house therefore the Chairman withdrew those bills from consideration, as well.

Representative Owens made the motion to move all the above bills favorable for passage. Upon the recommendation of the Chairman, Representative Owens withdrew his motion.

Representative Owens made the motion to pass out **HB 2080**, pertaining to the Lyme Association, favorable for passage. Representative Siegfried seconded the motion.

Representative O'Malley made the motion to offer an amendment to insert the other *not-for-profit* bills into **HB 2080**, to include **HB 2006; HB 2219; HB 2221; HB 2236; HB 2244 and HB 2290**. Representative Dillmore seconded the motion.

Discussion followed over specifics of certain bills. The Chairman said it seemed the consensus was to put all the bills into one. Staff will be asked to review the fiscal impact of that bill and advise the Committee before voting to send the bill out of the Committee at tomorrow's meeting.

Representative O'Malley closed his motion to amend the not-for-profit bills into **HB 2080** as

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 6, 2006 in Room 519-S of the Capitol.

amended. The motion carried.

Representative Kirk moved to amend **HB 2056**, which is a sales tax exemption for cross-lines cooperative council into **HB 2080**, as amended. Representative Dillmore seconded the motion. The motion carried.

Discussion followed regarding the legal name of CHWC, Inc., the neighborhood housing organization in **HB 2006**. Without objection, the Committee authorized Gordon Self to verify the name and use his discretion to make necessary changes if warranted in that bill as well as the others.

Representative Kinzer offered an amendment regarding the language in the library bill that passed the house earlier, that included standards with respect to filters for public libraries. His amendment would essentially state, that in order to utilize this sales tax exemption, the library would have to certify that they have met those standards. Representative Kelley seconded the motion.

Discussion followed pertaining to the funding mechanism of that bill.

Representative Kinzer closed his motion and added that his amendment was meant to be an incentive for libraries to comply with the standard computer filters. They were free not to have the filters, however, in that event, they simply would not receive the sales tax exemption. The motion carried.

Representative O'Malley made the motion to amend **HB 2433**, a sales tax exemption for convention of Skills USA into **HB 2080**. He said the intent of his amendment would be for a sales tax exemption on the hotel room only.

There was concern expressed over the fact that there had not been a public hearing on the bill. Representative O'Malley moved his motion. The motion failed.

Representative Thull made a motion for a House Substitute bill for **HB 2080**. That substitute bill would incorporate the contents of **HB 2080**, as amended; **HB 2006**; **HB 2219**; **HB 2221**; **HB 2236**; **HB 2244**; **HB 2290** and **HB 2056** and the Kinzer motion. Representatives Owens seconded the motion. The motion carried.

Chris Courtwright will put together a fiscal note for the substitute bill, which he will present at tomorrow's committee meeting, during bill's final consideration.

HB 2548 - Three year phase out of the franchise tax

Chris Courtwright said **HB 2548** is a bill that would phase out the franchise tax over the next three years. He provided history on legislation that was passed a year or two ago. Kansas is currently receiving \$46 million for franchise taxes, comprised of \$42 million in tax collected by DOR, and \$4 million for the annual report fee, collected by the Secretary of State. **HB 2548** deals with the \$42 million collected by the DOR. The fiscal impact starts in FY 2008.

The meeting was adjourned at 10:50 A.M. The next meeting is March 7, 2006.