

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on February 17, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Conferees appearing before the committee:

Bill Moore, President/CEO of Westar Energy
Emily Compton, President/CEO for Goodwill Industries Easter Seals of Kansas Inc.
Mark Nichols, Regional Manager, State Government Affairs, Koch Industries
George Fahnestock, President Fahnestock Plumbing, HVAC & Electric
Tom Dondlinger, President, Dondlinger & Sons Construction Co., Inc.
Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc.
Robert Allison, President & CEO Wichita Community Foundation
Richard Cram, Kansas Department of Revenue
Mark Desetti, Kansas National Education Association & Kansas Association of School Boards

Others attending:

See attached list.

Bill introduction:

Representative King made a motion to introduce a bill that would exempt from income tax military personnel stationed outside the state of Kansas. The motion was seconded by Representative Carlson. The motion carried.

The Chairman opened the hearing on **HB 2299**.

Bill Moore, President/CEO of Westar Energy, testified in support of **HB 2299** (Attachment 1). Mr. Moore stated that he is on the board for Goodwill Easter Seals and has seen the outstanding work by the agency. He listed some of the programs that the agency provides. Goodwill Easter Seals has manufactured insulation blankets for Hawker Beechcraft jets for 20 years and were presented the Hawker Beechcraft Small Business Supplier of the Year award in 2007. He urged support of **HB 2299**.

Emily Compton, President/CEO for Goodwill Industries Easter Seals of Kansas Inc., testified in support of **HB 2299** (Attachment 2). Ms Compton stated that Goodwill Industries Easter Seals of Kansas, Inc and its subsidiary corporation, Goodwill Industries of Kansas, Inc. have been tax exempt. She provided documentation supporting their exempt status since 1992. The last certificate shows the exempt status that does not expire until November 1, 2009. Approximately \$5,000-\$6,000 monthly has been paid in sales tax on purchases made by the agency. She requested the committee's help in restoring their sales tax exempt status by passing **HB 2299**.

Ms. Compton also submitted letters of support from the following:

Mark Nichols, Regional Manager, State Government Affairs, Koch Industries (Attachment 3)
George Fahnestock, President Fahnestock Plumbing, HVAC & Electric (Attachment 4)
Tom Dondlinger, President, Dondlinger & Sons Construction Co., Inc. (Attachment 5)
Joan Barrett, President & General Manager, Sunflower Broadcasting, Inc. (Attachment 6)
Robert Allison, President & CEO Wichita Community Foundation (Attachment 7)

Richard Cram, Kansas Department of Revenue, testified in opposition to **HB 2299** (Attachment 8). He stated that the Fiscal Note for **HB 2299**, if it passes, would mean a loss of \$50,000 to the state.

Mark Desetti, Kansas National Education Association (KNEA) & Kansas Association of School Boards

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on February 17, 2009, in Room 535-N of the Capitol.

(KASB), testified in opposition to **HB 2299** (Attachment 9). He testified that both KNEA and KASB continue to believe that the Legislature should make a comprehensive examination of the entire tax system to ensure that our many provisions result in a system that will provide stable funding for all state services and that is fair, equal and evenly distributed to both citizens and business. Such a review would include taking a hard look at all sales tax exemptions and exclusions.

The Chairman closed the hearing on **HB 2299**.

The Chairman requested the committee's consideration on **HB 2321**.

HB 2321 - Political subdivision under the Kansas retailers' sales tax act to include Horsethief Reservoir Benefit District.

Chris Courtwright briefed the committee on **HB 2321** and stood for questions.

Representative George made a motion to recommend **HB 2321** favorably for passage. Representative Powell seconded the motion. Discussion ensued.

Representative George made a motion to remove the provision in the bill, contained in section 2, that provided a refund of sales tax paid by Horsethief prior to this enactment and to make the effective date of this bill publication in the Kansas Register. Representative Powell seconded the motion. The motion to amend **HB 2321** carried.

Representative George made a motion to favorably pass **HB 2321** as amended. Representative Powell seconded the motion. The motion carried.

The Chairman requested the committee's consideration on **HB 2175**.

HB 2175 - Repealing statute which provides penalty for misclassification of employees.

Chris Courtwright briefed the committee on **HB 2175** and stood for questions. He stated the fiscal note on this bill would be approximately \$3.0 million.

Representative Brown made a motion to favorably pass **HB 2175**. Representative Goico seconded the motion. Discussion followed. There were twelve members in support of the bill and ten members in opposition to the bill. A division was requested. The motion carried to favorably pass **HB 2175**.

The following members of the committee requested that their votes be recorded in opposition to the bill:
Representative Dillmore, Representative Goyle, Representative Rardin,
Representative Menghini, Representative Miller, Representative Hawk,
Representative Frownfelter and Representative Lukert

The next meeting is scheduled for February 25, 2009.

The meeting was adjourned at 10:30 a.m.