

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on February 12, 2010, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Gary Hayzlett- 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
Brandon Riffel, Kansas Legislative Research Department
Marla Morris, Committee Assistant



Conferees appearing before the Committee:

Tom Finney, Member, Kansas Advisory Council on Intergovernmental Relations (KACIR)
Dr. Janet Williams, communityworks inc
Dennis Wilson, Kansas Churches for Fair Taxation
Jan Lewis, Catholic Charities of Northeast Kansas
Sharon Geiss, Mid America Nutrition Program-Ottawa, KS
Bob Drummond, TLC for Children and Families, Inc.
Shelly Chenoweth, Girl Scouts of Kansas Heartland
Dennis Schoenebeck, YMCA's of Kansas
Linda Stewart, Wichita Habitat for Humanity, Inc.

Others attending:

See attached list.

Chairman Carlson detailed the guidelines for presentation of testimony, and directed the Committee to the following information in their packet: 1) Fiscal Note for **HB 2549**; 2) KACIR 2009 Annual Report which is also available at <http://www.ksrevenue.org/kacir.htm> (Attachment 1); 3) Report breaking out separately both the tax cuts and the tax increases since 1995 to date, prepared by Richard Cram, Kansas Department of Revenue requested by Representative Siegfried (Attachment 2); 4) Listing of organizations eligible for sales tax exemptions under Section 5 of **HB 2549** requested by Representative Siegfried and prepared by Secretary Wagon (Attachment 3).

There were no bill introductions.

Chairman Carlson opened the continued hearing on **HB 2549 - Imposition of sales tax on certain goods and services, elimination of certain sales tax exemptions and fund-raising sales.**

Testimony will be presented by proponents and opponents of **HB 2549** relating to the following categories:

- Exemptions eliminated for all statutory named nonprofit and charitable organizations, K.S.A. 79-3606 (vv), (ww), (ggg), (lll), (mmm), (nnn), (qqq), (sss), (uuu), (vvv), (www), (xxx), (yyy), (zzz), (aaaa), (bbbb), (cccc), (dddd), (eeee), and (ffff)
- Exemptions eliminated for admissions to recreational activities or events whether operated by nonprofit organization, city, county or private organization, K.S.A. 79-3606 (m) and (n)
- Exemptions eliminated for religious organizations, K.S.A. 79-3606 (aaa) and other charitable and benevolent organizations, K.S.A. 79-3603(e), 79-3606(e), (v), (ii), (oo), (qq), (rr), (tt), (xx), (yy), (bbb), (hhh), (iii), (ppp) and (ttt)
- Provides exemption for certain fund-raising events of nonprofit organizations

Proponents testifying on **HB 2549**:

Tom Finney, Member, Kansas Advisory Council on Intergovernmental Relations (KACIR) urged the Committee to give serious consideration to **HB 2549** and repeal tax exemptions as recommended by the KACIR (Attachment 4). Dr. Janet Williams, communityworks inc, testified in favor of **HB 2549** (Attachment

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on February 12, 2010, in Room 783 of the Docking State Office Building.

5). A for-profit, licensed home health agency, communityworks inc., provides services to people with brain injuries and other disabilities. Recent cuts in revenue and higher costs of doing business forced communityworks inc., to examine their budget, line by line, and look at cuts as well as revenue opportunities. Dr. Williams sees HB 2549 as an opportunity to give tax breaks in Kansas a similar examination.

Opponents testifying on HB 2549:

Dennis Wilson, Kansas Churches for Fair Taxation, testified in opposition to HB 2549 on behalf of churches from many denominations, and various religious groups threatened with the loss of sales tax exemptions (Attachment 6). Jan Lewis, Catholic Charities of Northeast Kansas asked the Committee to study carefully the organizations and the impact the passing of HB 2549 will have on their mission and the people they serve (Attachment 7). She spoke in opposition to HB 2549. Sharon Geiss, Mid America Nutrition Program-Ottawa, KS is opposed to HB 2549 and asked for a retention of the tax exempt status for senior nutrition programs and reinstatement of the state \$1.141 million cut from nutrition services in FY2010 (Attachment 8). Bob Drummond, TLC for Children and Families, Inc., stated the loss of the sales tax exemption would significantly impact TLC during a time of significant economic decline (Attachment 9). Shelly Chenoweth, Girl Scouts of Kansas Heartland asked the Committee to oppose passage of HB 2549 to help ensure the Girl Scouting in Kansas continues to thrive (Attachment 10). Dennis Schoenebeck, YMCA's of Kansas spoke in opposition to the repeal of sales tax exemptions that would negatively impact Kansas YMCA's and the communities they serve (Attachment 11). Linda Stewart, testified on behalf of Wichita Habitat for Humanity, Inc., and asked the Committee to secure the promise of affordable, secure housing for vulnerable Kansas families by opposing HB 2549 (Attachment 12).

Chairman Carlson directed the Committee to the written only testimonies in opposition to HB 2549:

Major Jeffrey Smith, The Salvation Army, Kansas and Western Missouri Division (Attachment 13); John Ratzenberger, Sheltered Living, Inc. (Attachment 14); Ron Hein, National Kidney Foundation of Kansas and Western Missouri (Attachment 15); Ernest Kutzley, AARP Kansas (Attachment 16); Linda DeCoursey, American Heart Association/American Stroke Association (Attachment 17); Leslie Kaufman, Kansas Cooperative Council (Attachment 18); Ron Seeber, Kansas Grain and Feed Association (Attachment 19); Martha Neu Smith, Kansas Manufactured Housing Association (Attachment 20); Darci Meese, Water District No. 1 of Johnson County (Water One) (Attachment 21); Ken Stodgell, Veterans of Foreign Wars (Attachment 22); Nathan Wood, Covenant Baptist Church, Topeka (Attachment 23); Kimberly Dykes, Member, Bel Air So. Baptist Church, Salina (Attachment 24); Myrna Drummond, Member, Bel Air So. Baptist Church, Salina (Attachment 25); Ray Kempel, First Southern Baptist Church, Hutchinson (Attachment 26); Dr. Jack M. Jacob, Senior Pastor, First Southern Baptist Church, Liberal (Attachment 27); Brenda L. Lewis, Topeka (Attachment 28); Rev. Dr. Paxton Jones, Christian Church in Kansas, Topeka (Attachment 29); Edgar and Dorothy Kinkle, Bel Air Baptist Church (Attachment 30); Ruth Furgison, Bel Air Baptist Church, Salina (Attachment 31); John S. Freeman, Executive Director, The Master Class (Attachment 32); Dr. Richard L. Nelson, Sunnyside Baptist Church, Wichita (Attachment 33); Rev. Clark Armstrong, Victory Hills Church of the Nazarene, Kansas City (Attachment 34); Mike Murray, Associate Pastor, First Southern Baptist Church, Salina (Attachment 35); Richard L. and Patty L. Arnold, Leavenworth (Attachment 36); Victor and Tamara Wu, Leavenworth (Attachment 37); Janell Bowman, Administrator and Treasurer, Leavenworth Baptist Church (Attachment 38); Dennis Slavens, Senior Pastor, Antioch Church, Overland Park (Attachment 39); Jerry A. Smith, Pastor, Faith Baptist Church, Andover (Attachment 40); R. Glenn Davis, Heart of Kansas Southern Baptist Association (Attachment 41); Rev. Larry J. Jones, Senior Pastor, True Vine Missionary Baptist Church (Attachment 42); Rev. Tim Ohls, Believers Southern Baptist Church (Attachment 43); J. Keith Metcalf, Associate District Superintendent, Kansas City District Church of the Nazarene (Attachment 44); Pastor Ray Emery, Midway Baptist Church, Wichita (Attachment 45); Pastor Don Andrews, Haven Baptist Church, Kansas City (Attachment 46); Rev. John M. Dewitt, Uniontown (Attachment 47); Martha Couric, Olathe (Attachment 48); Pastor Tim Davish, First Baptist Church, Fort Scott (Attachment 49); James Bowman, Lansing (Attachment 50); Shirley Kawaoka, Leavenworth (Attachment 51); Shirley A. Patterson, Leavenworth (Attachment 52); Rev. John S. Williams, Executive Minister, American Baptist Churches of the Central Region (Attachment 53); Msgt. Ronald E. Brush, USAF (Ret.), Owner-Starbreak Windshield Repair, Topeka (Attachment 54); Gabe Wickstrum, Faith Journey Church of the Nazarene (Attachment 55); Ronald Richey, Northland Christian Church, Topeka (Attachment

CONTINUATION SHEET

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56); Navella Richey, Northland Christian Church, Topeka (Attachment 57); Bob Mills, Executive Director, Kansas Nebraska Convention of Southern Baptists (Attachment 58); Kelly Lohrke, Senior Pastor, Praise Chapel Christian Fellowship, Kansas City (Attachment 59); Donald R. Lewis, Senior Pastor, Cross Points Church, Shawnee (Attachment 60); Rev. Phil Rhoades, Senior Pastor, Church of the Nazarene, Garnett (Attachment 61); William Lee II, Victory Hill Church of the Nazarene (Attachment 62); Donnie Simpson, Executive Director, Kansas City Kansas Baptist Association (Attachment 63); Peggy L. Davis, Member, Covenant Baptist Church, Topeka (Attachment 64); Pastor Kirk H. Stricker, Bel Air Baptist Church, Salina (Attachment 65); Leanna Thomas, Lebo Baptist Church (Attachment 66); Pastor David L. Neely, Administration and Outreach, Blue Valley Baptist Church (Attachment 67); Joel Atwell, Pastor and Board Chair, Grace Community Church of the Nazarene, Spring Hill (Attachment 68); Mike Bronson, Tonganoxie (Attachment 69); David A. Frech, Senior Pastor, Church of the Harvest, Olathe (Attachment 70); First Baptist Church, Leavenworth (Attachment 71); Gary Beckner (Attachment 72); Cecil Moon (Attachment 73).

Chairman Carlson closed the continued hearing on **HB 2549**.

The next meeting is scheduled for February 15, 2010.

The meeting was adjourned at 9:49 a.m.

HOUSE TAXATION COMMITTEE

DATE: 2/12/10

NAME	REPRESENTING
Jimmy M. Oron	Girl Scouts
Lew Olin	Girl Scouts
Cassidy Ingold	Covenant Baptist Church
Tom Bishop	H A H
Phil Rhoades	Church of the Nazarene
Ward Mella	Nazarene, CMA, Sider
S. B. Bama	ICCSOV
John Raker Boyer	Shelton Living
Jim Cochran	Bingo
Shawn Mota	Bingo
Dina Stenger	Habitat for Humanity
Ann Riley	ESD
John Williams	American Baptist Churches
Chick Brown	First Southern Baptist Church
Dennis Wilson	Ks Churches for Fair Taxation
Judy Gadd	"
Mike Murray	"
Gene Meyer	ILANETS Reporter
Dennis Schumbert	Kenner Y. M. C. A.

HOUSE TAXATION COMMITTEE

DATE: 2/12/10

NAME	REPRESENTING
Gary Walker	Hayden High School - Topeka
Leonard Bell	Arab Springs Bap Topeka
Charlie Lovel	YMCA
Kathy Sut	YMCA
Barbara Bryant	CBC
Ken Bryant	CBC
David Manner	KNLSB
Tim Boyd	KNLSB
RONALD BRUSH	FSBC Topeka
Bob Eshardt	FSBC Topeka
Michael Downs	Faith Journey Church
Gabe Wickstrum	Faith Journey Olathe
Nate Wood	St Covenant Baptist
Justin WANDERPOOL	College Church - Olathe
[Signature]	College Church - Olathe
Tim Lottmoeller	^{PRAYS} DON LEWIS CROSS TOWNS CHURCH
Kelly Lohrke	Praise Chapel
David Frech	Church of the Harvest
Dennis SCAVENS	Antioch Church

HOUSE TAXATION COMMITTEE

DATE: 2/2/10

NAME	REPRESENTING
Michael Keller Kent Cornish	Capital Strategies KAB
Luc Swardow	NORTHERN Natural GAS Co
Shelly Chenoweth	Girl Scouts KS Heartland
Jessie Poyell	Di " "
Sharon Gress	Ks ^{Comm} Nutrition Services
Cathy Duderstadt	" " "
Missy Taylor	KFE
Charles M. Yunker	The American Legion
Jan Lewis	Catholic Charities
Michael Schuttler	KANSAS Catholic Conference
Doug Vance	Ks. ACC & PARK ASSOC.
Stephanie Wink	American Cancer Society
Jane Spess	American Cancer Society
Whitney Janner	Girl Scouts / YMCA
Jackson Lindsey	Hein Law
Mark Desjotti	KANEA
William Huck	KACIR
TOM FINNEY	KACIR



Kansas Advisory Council on Intergovernmental Relations

2009 *Annual* *Report*

House Taxation

Date: 2-12-10

Attachment: 1

<http://www.ksrevenue.org/kacir.htm>

STATUTORY CHARGE and Membership

Statutory Charge (K.S.A. 12-4001 - 4008)

The 2002 Kansas Legislature created the 15-member Kansas Advisory Council on Intergovernmental Relations (KACIR). The Council has the duty to engage in continuous study of the services provided by the various types and levels of government within the state, the division of responsibility for providing and financing governmental services, possibilities of improving the organizational structure and operational efficiency of the various governmental units serving the citizens of the state; and the state and local tax structure and the revenue requirements and fiscal policies of the state and its local units of government.

The KACIR is required to give particular attention to modernization of the structure of Kansas local government, the impact of urbanization on the organization and functions of local government, the impact of technology on the organization and functions of local government, and the relationships between state and local governments.

In addition, the KACIR is required to make an annual report in writing to the Governor and Legislature.

Membership

The Governor appoints 11 of the 15 members:

- Two members shall be elected county officials of which, one shall be a member of a board of county commissioners
- Two members shall be elected city officials
- One member shall be an elected township official
- One member shall be an elected school board member
- Two members shall be executive branch officials
- Three members shall be private citizens

The remaining 4 members are as follows:

Two members of the Council shall be members of the Kansas Senate – one shall be appointed by the President of the Senate and one by the Senate Minority Leader.

Two members of the Council shall be members of the Kansas House of Representatives – one shall be appointed by the Speaker of the House and one shall be appointed by the House Minority Leader.

Members shall serve without compensation but may be reimbursed for expenses. No more than seven members may be from the same political party.

KACIR ROSTER

KACIR Position	Term End	Last Name	First Name	Title
Private Citizen (1 of 3)	June 30, 2011	Arnold	John	Pres John E Arnold Company
House Maj Ldr Apptee	January 2009	Burgess	Mike	Representative District 51
Township Official	June 30, 2012	Finney	Tom	Zeandale Township Officer
Exec Branch Official (1 of 2)	June 30, 2011	Gaughan	Mike	Special Assistant to the Governor
City Official (1 of 2)	June 30, 2011	Heck	Willis	Mayor of Newton
Private Citizen (1 of 3)	June 30, 2010	Hixson	Warren	Retired
School Board Member	June 30, 2011	Lair	Judy	KASB Board of Directors member
Private Citizen (1 of 3)	June 30, 2010	Lockner	Allyn	Retired
County Official (1 of 2)	June 30, 2012	Martin	Gwendolyn	Woodson County Commissioner
House Min Ldr Apptee	January 2009	Menghini	Julie	Representative District 3
Sen President Apptee	January 2009	Owens	Tim	Vice Chair of KACIR and Senator District 8
City Official (1 of 2)	June 30, 2011	Rowlett	Jack	Paola City Councilmember
Senate Min Ldr Apptee	January 2009	Steiniger	Chris	Senator District 6
County Official (1 of 2)	June 30, 2010	Traster	Matt	Grant County Commissioner
Exec Branch Official (1 of 2)	June 30, 2010	Wagnon	Joan	Chair of KACIR and Secretary of Revenue

Meetings staffed by Lynn Robinson, Kansas Department of Revenue

Report of Meetings

The KACIR is required to convene at least once every 2 years in each Congressional District (K.S.A. 12-4004).

In Calendar Year 2008, The Council met 4 times. Three of these meetings were held in Topeka (Congressional District 2). The fourth meeting was located in Newton (Congressional District 4). One meeting was conducted by teleconference.

In Calendar Year 2009, The Council met 4 times. Three of these meetings were held in Topeka (Congressional District 2). The fourth meeting was located in Wichita (Congressional District 4). Two meetings were conducted by teleconference.

This report includes a brief summary of the minutes of all meetings in 2009.

January 21, 2009 – Teleconference

Council members present: Tom Finney, Willis Heck, Warren Hixson, Judy Lair, Allyn Lockner, Jack Rowlett, and Joan Wagnon

Other interested parties in attendance: Melissa Wangemann – Kansas Association of Counties

The Council discussed the three policy recommendations approved by the group at the prior meeting. These recommendations are: 1) In 2009, KACIR should request introduction in the Senate of legislation to remove the remaining barriers to consolidation, particularly city-county consolidation and provide incentives to consolidate. The decision to require a dual majority should be left to the consolidation commission; 2) Continue statewide discussion of effects of tax base erosion on local state governments. The KACIR should construct a policy evaluation guide for the legislature to use in considering all requests for sales and property tax exemptions or tax credits, which would narrow the tax bases; and 3) KACIR should examine how local governments are funded and recommend any changes in tax sources to the 2010 Legislature.

The Chair summarized the tentative 2009 schedule for KACIR and the council agreed to the schedule. The members approved the 2008 KACIR Annual Report.

May 20, 2009 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Tom Finney, Mike Gaughan, Warren Hixson, Judy Lair, Allyn Lockner, Rep. Julie Menghini, Sen. Tim Owens, Sen. Chris Steineger, and Joan Wagnon

Other interested parties in attendance: Steve Brunkan – Policy and Research/KDOR; Moji Fanimokun – League of Kansas Municipalities; Barbara McCandless – retired auditor; Melissa Wangemann – Kansas Association of Counties

The members discussed the content of the proposed Policy Evaluation Guide and the steps to follow in order for the document to be a useful tool to the legislators when granting tax exemptions and credits. The group studied the current list of state sales tax exemptions and discussed different ways to reduce the amount of state sales tax exemptions. The Chair stated that based on the discussions from the meeting, staff will construct policy statements for sales tax, income tax, and property tax. The statements will be submitted to the council members for feedback and further refining before meeting with the tax committees and leadership.

Report of Meetings

Next, the Council discussed Dr. John Wong's study – Consolidation of Kansas Counties, May 2009. The Chair asked Steve Brunkan to join the group. Steve is a financial economist on the Policy and Research staff in KDOR. Steve and the members reviewed and discussed the study of consolidation, in particular the four hypothetical consolidation proposals for re-districting of the counties of Kansas.

The Council agreed to release the study after they discuss several issues they have about the study with Dr. Wong.

The members re-elected Joan Wagon as Chair and Sen. Tim Owens as Vice-Chair of the Council.

June 15, 2009 – Wichita, KS – Congressional District 4

Council members present: Rep. Mike Burgess, Tom Finney, Willis Heck, Judy Lair, Allyn Lockner, Rep. Julie Menghini, Sen. Tim Owens, Matt Traster, and Joan Wagon.

Other interested parties in attendance: Randall Allen and Melissa Wangemann – Kansas Association of Counties; Steve Berry – Norton County citizen; Richard Cram – Policy and Research/KDOR; Moji Fanimokun – League of Kansas Municipalities; Dr. Ed Flentje, Melissa Walker, Dr. John Wong – Wichita State University; Barbara McCandless – retired auditor; John Miller – Norton County Commissioner;

Dr. Wong presented his study of Consolidation of Counties to the group and asked for questions as he went through the study. Various issues were raised by the results of the study and the council discussed these. Chair Wagon reminded the group that the study was meant to be a discussion-starter so citizens can see the opportunities available to them for consolidation and/or collaboration.

The members then reviewed and discussed the draft of the Introduction and the Sales Tax sections of the Policy Evaluation Guide. The group worked through the Guide and discussed the needed changes. The Chair stated that the Council will also be making recommendations, but the recommendations will be a separate document from the Guide. The members agreed the completed Guide should be given to all legislators the first year it is published, and to new legislators at their orientation.

Next, the group looked at the list of tax credits for Tax Year 2006, which was the most current complete data at the time. The Chair discussed the issues surrounding the tax credits.

Chair Wagon summarized the Council's and staff's plan of action resulting from discussion at the meeting. 1) Final disposition of Dr. Wong's consolidation study. Staff will compress the categories in the appendices; 2) The group will discuss how the Policy Evaluation Guide will be disseminated; 3) Chair and staff will have a revision of the sales tax questions in the Policy Evaluation Guide completed for the next meeting; 4) Chair and staff will have a recommendation on the sales tax section (exemptions); 5) Chair and staff will have a draft of the tax credit section.

Report of Meetings

August 19, 2009 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Tom Finney, Mike Gaughan, Willis Heck, Warren Hixson, Judy Lair, Allyn Lockner, Gwen Martin, Rep. Julie Menghini, Sen. Chris Steineger

Other interested parties in attendance: Randall Allen and Melissa Wangemann – Kansas Association of Counties; John Fisk – League of Kansas Municipalities; John Miller – Norton County Commissioner; Steve Brunkan – Policy and Research/KDOR

The Chair asked the members to give their assessment of the Policy Evaluation Guide, which included changes from the last KACIR meeting in June. The Council approved the Guide with several minor changes suggested by members.

The Chair asked the Council to review the Recommendations from KACIR that will accompany the Policy Evaluation Guide. The members talked about the three observations in the Recommendations as well as the tax credits and sales tax exemptions. Chair Wagon said she would re-draft the recommendations for the group to review and finalize for the next meeting.

The Council discussed the final disposition of Dr. Wong's Study of Consolidation of Kansas Counties. The members agreed that the Chair will write a few paragraphs that will explain that the Council is not advocating a specific consolidation pattern, but that it is the position of KACIR to provide information so that elected officials and the public can make informed decision.

The Chair gave a report on the Intangibles Tax changes in the tax booklet and how the changes affect counties. One of the ways KDOR plans to save money is by excluding the Intangibles Tax section in the income tax booklets. The Chair as Secretary of Revenue Wagon will ask the legislature to repeal the statute that requires KDOR to disseminate the intangibles tax information and return.

The next topic discussed was the KACIR policy recommendation that "KACIR should examine how local governments are funded and recommend any changes in tax sources to the 2010 Legislature." The chair asked the group for direction in accomplishing this policy recommendation. The group discussed elements that currently impact local government financing. It was agreed that it would be beneficial to see a list of the major sources of revenue for counties, cities, townships, and other local units of government along with the authority of each to levy these taxes, charges, and fees.

October 19, 2009 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Rep. Mike Burgess, Mike Gaughan, Willis Heck, Allyn Lockner, Rep. Julie Menghini, Sen. Tim Owens, Sen. Chris Steineger, Matt Traster, and Joan Wagon

Other interested parties in attendance: John Miller – Norton County Commissioner; Tony Folsom – Property Valuation/KDOR

The members reviewed the revised Recommendations that will accompany the Policy Evaluation Guide. The group discussed the property tax exemptions, sales tax exemptions, and the income tax credits (corporate, individual, and privilege). The Chair

Report of Meetings

asked Tony Folsom from KDOR's Property Valuation section to join the group to talk about specific property tax exemptions.

The Council reviewed each recommendation under the sales tax section and studied the list of possible sales tax exemptions to repeal.

The group reviewed and agreed upon the last section of the Recommendations, the income tax credits.

The members agreed to adopt the Recommendations, as amended through the Council's discussion and subject to final review by the group.

Next, the members talked about a variety of ways to distribute the Policy Evaluation Guide. The Chair asked all members to be active in the dissemination process.

The group reviewed a list of local government revenue sources and discussed at length a variety of ways that local governments could increase their revenues. However, it was agreed that at this point in time, there is so much diversity in the various counties, that to have a single solution for financing local governments is too difficult. The members agreed that what does make local government healthy is to have maximum flexibility and the ability to have more than one option for a revenue stream. The members agreed the topic needs further study.

The members reviewed and approved the letter to post on the website regarding Dr. Wong's Consolidation Study. The letter explains to the reader that the KACIR is not advocating a specific consolidation pattern, but that it is the position of KACIR to provide information so that elected officials and the public can make informed decision. The letter will be posted as the first page into Dr. Wong's study. This study is located on the KACIR website: <http://www.ksrevenue.org/kacir.htm>

November 30, 2009 – Teleconference

Council members present: John Arnold, Tom Finney, Mike Gaughan, Willis Heck, Warren Hixson, Judy Lair, Allyn Lockner, Sen. Tim Owens, Matt Traster, and Joan Wagnon

Other interested parties in attendance: John Miller – Norton County Commissioner; Melissa Wangemann – Kansas Association of Counties

The members discussed the draft of the KACIR Annual Report for 2009 and approved the Policy Recommendations. The report will be given to the Legislature and Governor in 2010.

The group discussed the distribution of the Policy Evaluation Guide to the legislators.

The members tentatively planned to meet in January 2010.

KACIR ACTIVITIES

Policy Evaluation Guide

In September 2009, the KACIR finalized and approved a Policy Evaluation Guide. The Guide will be given to legislators to use in evaluating future tax exemptions and credits. It contains 21 yes-no questions related to costs and public benefits of exemptions. The Guide recommends that if any answer is “no,” the exemption should be denied. The Guide is in booklet form in a size the legislators can insert into their general order binders.

The KACIR developed recommendations that will accompany the Guide. The recommendations include suggested moratoriums and sunset dates for numerous sales tax and property tax exemptions, as well as income tax credits.

The Policy Evaluation Guide has been distributed throughout various locations in the state and will continue to be disseminated as requested. The Guide is posted on the KACIR website: <http://www.ksrevenue.org/kacir.htm>

Potential Cost Savings from Consolidation of Kansas Counties Study by Dr. John Wong

The KACIR requested this particular study to see what efficiencies might be possible from reducing the number of Kansas counties. In August 2009 the Council approved the study for publication.

Without delving into the specific design of services in a particular county, Dr. Wong used published expenditure data to determine the efficiencies that might be possible. The study did not take into account any functional or regional consolidations that might be in place.

The study points out that the status quo has a cost to many of its citizens. While there may be many reasons for not consolidating counties, it is unmistakably clear that there is an optimum population size for a county. The costs of operating very large and very small counties, on a per capita basis, are higher than at the optimum size.

The KACIR offers no opinion on what works best in a local jurisdiction – the group only presents options to consider. The study is posted on the KACIR website: <http://www.ksrevenue.org/kacir.htm>

Kansas Association of Counties Annual Conference – November 16, 2009

On November 16, 2009 KACIR Chair Wagon and staff traveled to Overland Park to speak to county commissioners in attendance at the Kansas Association of Counties Annual Conference. Topics for presentation and discussion were Tax Base Erosion, the Council’s Policy Evaluation Guide, and KACIR activities. There were approximately 200 in attendance.

Chair Wagon gave a 40-minute presentation on the condition of the state’s economy. The presentation included a report on tax collections in the state and the possibilities available to reduce the deficit. The Chair introduced KACIR’s Policy Evaluation Guide to the group and explained how legislators will be able to use the guide in evaluating future tax exemptions and credits. She also disclosed the group’s Policy

KACIR ACTIVITIES

Recommendations that will accompany the Policy Evaluation Guide. The Chair touched briefly on the option of consolidating counties. She shared a few findings from Dr. Wong's study of consolidation with the commissioners, including the finding that there is a population threshold in which efficiency seems to run optimally. The Chair also made clear to the group that the KACIR has no plans to introduce a bill mandating consolidation, as it is the Council's policy that the act of consolidating local governments belongs at the local level.

A 20-minute question and answer segment followed Chair Wagnon's presentation.

KACIR Legislation

During the 2009 Legislative Session, Senate Bill 75 was introduced. The bill authorizes the creation of consolidation study commissions to adopt a plan for city and county consolidation anywhere in the state. The bill also authorizes the consolidation of other political and taxing subdivisions.

In prior years, legislation dealing with city-county consolidation did not adequately address the dual majority vote. Senate Bill 75 authorizes the commission to decide whether the electorate vote would be required countywide or whether separate votes of the electorate would be required in the unincorporated area of the county and within each city.

Senate Bill 75 was introduced in Senate Federal and State Affairs on January 22, 2009. The committee passed the bill on March 19, 2009. The bill was referred to House Local Government on March 24, 2009 where it resided during the remainder of the legislative session.

In the 2010 biennium legislative session, KACIR will ask the House Local Government Chairperson to schedule a hearing on Senate Bill 75.

KACIR Policy Recommendations

1. Senate Bill 75 was introduced in Senate Federal and State Affairs on January 22, 2009. The committee passed the bill on March 19, 2009. The bill was referred to House Local Government on March 24, 2009 where it resided during the remainder of the legislative session.

In the 2010 biennium legislative session, KACIR will ask the House Local Government Chairperson to schedule a hearing on Senate Bill 75.

Local governments should examine the potential savings from County-County consolidation, City-County consolidation, functional or regional consolidation. The tools to evaluate consolidation are available from the KACIR, on the Department of Revenue website, <http://www.ksrevenue.org/kacir.htm>.

2. In 2009, KACIR developed recommendations to accompany the Policy Evaluation Guide. These recommendations will be presented to the 2010 Legislature.

The relative burden of taxes borne by state and local property tax is now high compared to state and local sales taxes and state income taxes. Policy choices as well as the economy and taxpayer behavior have contributed to this shift. Generally, Kansas strives to keep these three sources at about one-third each.

State and Local Tax Receipts	FY 1995	FY 2008	
Sales and Use (state and local)	33.2%	\$3.027B	29%
Income (Individual and Corp.) and Privilege	29.0%	\$3.580B	32%
Property, real and personal	37.8%	\$3.770B	39%

There has literally been an explosion of new sales tax exemptions since 1995--some of them very significant in size, such as the expansion of the manufacturing machinery & equipment exemption, the addition of exemptions for churches and a host of other non-profits, custom software, aircraft repair, to name a few. In addition, STAR bonds are becoming increasingly popular and the increasing number of projects may divert state sales tax revenues for a significant period of time. Transfers of sales tax revenue to the state highway funds, loss of revenue from internet shopping and the escalating trend of consumer dollars going to purchase services, most of which are non-taxable, all contribute to this picture.

At the same time income tax revenues will automatically increase in times of strong economic growth--and the late 90's and the years between the 2002 recession and the current one have produced phenomenal growth in income tax receipts. Incomes of the very wealthy have skyrocketed during these boom years, and the state's income tax coffers have benefited from that. Corporate income tax receipts have echoed that effect (although they can certainly crash in the bad years).

KACIR Policy Recommendations

During this same period in the 90's, reduced funding for schools forced increased reliance on the local option budgets, causing property taxes to rise. Although a court challenge caused funding to increase dramatically for schools, the recent recession is trimming that level of funding back. The state should ensure that its actions in funding schools and other funding allocations to local government do not widen this gap further.

Knowing that the state budget resources are limited and there is no legislative appetite for tax increases, the KACIR has formulated these recommendations to address the erosion of the tax base and the imbalance in the state's three major funding sources.

I. Property Tax Recommendations.

In order to reduce the reliance on property taxes:

The legislature should enact a moratorium on any new property tax exemption granted by the legislature for the years 2010, 2011, and 2012. Any new exemption that is granted should automatically sunset in 3 years to ensure a review of its effectiveness.

In addition to the moratorium, the legislature should direct Legislative Post Audit to reexamine all property tax exemptions granted since 1995 to ensure the exemption is performing as expected and report to the tax and appropriations related committees in the House and Senate. The following schedule will allow for such review during the next 3 years:

Exemptions granted 1995 – 2000	Review in 2010
Exemptions granted 2001 – 2005	Review in 2011
Exemptions granted 2006 – 2011	Review in 2012

The tax and appropriations committees in the House and Senate should examine the following specific exemptions in the 2010 session and review the effectiveness of each one. The KACIR questions whether these are meeting the stated public policy objectives and whether they need to be changed or repealed.

Exemptions for pipelines, K.S.A. 79-227
Exemptions for refineries, K.S.A. 79-226
Exemption for low production oil wells, in light of price of oil/barrel,
K.S.A. 79-201t
Lifetime exemption for Wind Farms, K.S.A. 79-201 eleventh

II. Sales Tax Recommendations.

Erosion of the sales tax base is a rapidly growing problem. Local governments are becoming very dependent on the sales tax to supplement the property taxes as a source

KACIR Policy Recommendations

of revenue, but they have little say in exemptions that are granted.

At a minimum, the legislature should enact a moratorium on any new sales tax exemption granted for the years 2010, 2011, and 2012. Any new exemption that is granted should automatically sunset in 3 years.

The KACIR has reviewed the existing sales tax exemptions and recommends a group to be repealed. The total fiscal note for FY2011 is \$196.14 million, including the consumer utility exemption. Without the utility exemption, the total is \$55.86 million. Business services are not included. This list was compiled by using the following policy choices:

- Repeal all exemptions granted "by name" to a specific organization. Either replace it with an exemption for all organizations similarly situated, or revoke the exemption.
- Tax all admissions to recreation activities or events, whether operated by a non-profit organization, city, county or private organization. These changes should be made in the 2010 legislative session.
- Reestablish the policy that was set by the Hodge Commission¹ that all non-profit and religious organizations pay sales tax on their purchases.
- Repeal miscellaneous consumer exemptions, such as lottery tickets, bingo, and coin-operated laundries.
- Clarify the original construction statute to remove "repair" and tax separately the "repair" of personal property. (Currently these services are taxed if they include the alteration or repair of tangible personal property.) The result is that washing a floor is not taxed, but waxing a floor (applying tangible personal property) is taxed. There are also problems with distinguishing labor services in the repair area from original construction. The change will rewrite those statutes for clarity and ensure that all the household labor services are appropriately taxed, with or without the application of tangible personal property.
- Repeal the state tax exemption on residential utilities.

If the legislature is unable to repeal these specifically identified exemptions, the KACIR recommends that all current sales tax exemptions, with the exception of those that are definitional exclusions, be scheduled to automatically sunset over the next 5 years so they may be reexamined by the legislature.

The legislature should consider imposing a sales tax on household or personal services more broadly. These include items such as tanning beds, beauty and barber, etc. A specific imposition statute would be required. The KACIR recommendation

KACIR Policy Recommendations

does NOT include business inputs or health services such as medical, dental, legal, advertising, etc. The fiscal note is approximately \$5.9 million in FY2011.

The legislature should develop and adopt a comprehensive policy for exempting fund-raising events of non-profit organizations and require all existing exemptions to come into compliance with this policy by 2012. It is estimated a fund-raising exemption, limited to certain types of activities, would reduce state sales tax revenues by \$10 million in fiscal year 2012.

If the sales tax exemptions are not repealed, then the Legislature should change its practices and begin to appropriate money specifically for the recipients of the exemption.

III. Income Tax Recommendations.

Tax credits continue to proliferate, as do the requests from business to retain the withholding tax as an incentive to development in addition to other tax incentives. Income taxes are still the most elastic tax source (grow as the economy grows) but without some protection, this most important of tax sources will soon erode significantly in the same manner as the property and sales taxes. The following recommendations protect the income tax base (corporate, individual and privilege):

Enact legislatively a moratorium on any new income tax credit granted by the legislature for the years 2010, 2011, and 2012. Any new credit that is granted should automatically sunset in 3 years.

Enact legislatively a moratorium on any new incentive program that permits the utilization of an employer's withholding tax as an incentive to development. Presently the Impact Fund and the PEAK program are using these funds, as well as several special authorizations for manufacturers (Cessna, Spirit, Siemens, Goodyear.) Impact is a well-funded mechanism for economic development and should be the only dedicated use of the withholding tax.

Tax credits should not be transferable. Legislative Post Audit is undertaking a study of tax credits so KACIR will wait to see their report before making further recommendations on transferability or refundability.

The Historic Preservation Tax Credit must be reexamined and adjusted by the legislature in 2010.

All tax credits that were enacted in 2008 and 2009 should be reviewed in 2012.

There are numerous credits that are no longer used. They should be repealed for two reasons: the space on the tax form is limited, and with the move to electronic filing,

KACIR Policy Recommendations

the vendors do not want to program for a credit that is not used.

Those credits that were only minimally used, under \$100,000 should be amended to sunset in 2011 so they can be reviewed by the legislature in 2011.

REPEAL THESE CREDITS:

This list is of credits in tax year 2007 that were not utilized.

Either 0 dollars, 0 filers, or fewer than 5 so the amount is confidential.

Statutory Reference	Description	Beg Date	End Date
These credits have no sunset date:			
K.S.A. 65-7101	Assistive Technology Contribution credit	2003	none
K.S.A. 79-32,207 *Confidential	Plugging an abandoned oil or gas well credit	1998	none
K.S.A. 79-32,204	Swine facility improvement credit	1998	none
K.S.A. 79-32,200	Temporary assistance to families contribution credit	1994	none
K.S.A. 74-50,208 *Confidential	Individual Development Acct credit	2005	none
K.S.A. 79-32,242 *Confidential	Law Enf Training Center credit	2006	none
These credits have a sunset date:			
K.S.A. 79-32,233	Biomass-to-Energy credit	2006	2011
K.S.A. 79-32,239	Integ Coal Gasification Power Plnt credit	2006	2011
K.S.A. 79-32,229	Nitrogen Fertilizer Plant credit	2006	2011
K.S.A. 79-32,218 *Confidential	Petroleum Refinery credit	2006	2011
K.S.A. 79-32,224	Qualifying Pipeline credit	2006	2011
K.S.A. 79-32,212 *Confidential	Single city port authority credit	2002	2021

- During 2009, KACIR examined how local governments are funded. The group discussed at length a variety of avenues local governments could take to increase their revenues. However, the group agreed that currently there is so much diversity in the various counties, that to have a single solution for financing local governments is too difficult. The tax bases vary, as do the local economies. The members agreed that what does make local government healthy is to have maximum flexibility and the ability to have more than one revenue stream option. The repeal of the \$200 million in sales tax exemptions will also benefit local governments at the tune of \$50 million. The members agreed the topic needs further study and will be placed on KACIR's 2010 Agenda.

¹The Joint Committee on the State Tax Structure, otherwise know as the Hodge Commission, was created in 1968 "to make studies, and provide reports with recommendations thereon to the legislature, concerning the various taxes of the state and their relationship to each other and to the economy and public interest."

**Estimated Effect of Tax Reductions and Increases
Enacted since 1995
Dollars are in Millions**

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Property Taxes:											
Car Tax Reductions	--	\$ 26.7	\$ 68.9	\$ 95.5	\$ 96.6	\$ 104.9	\$ 106.5	\$ 108.1	\$ 109.6	\$ 111.8	\$ 114.0
General Property Tax Reduction	--	--	\$ -	\$ 115.6	\$ 267.5	\$ 326.2	\$ 338.9	\$ 362.3	\$ 378.4	\$ 393.5	\$ 409.3
Property Tax Subtotal \$	--	\$ 26.7	\$ 68.9	\$ 211.1	\$ 364.1	\$ 431.1	\$ 445.4	\$ 470.4	\$ 488.0	\$ 505.3	\$ 523.3
Income Taxes:											
Military Recruitment Bonuses											
Homestead Program - Indexation											
Soc Sec Exemption											
Historic Preservation Tax Credits											
Homestead Program Expansion											
Franchise Tax Phase Out											
Various Tax Credits											
Endangered Species Tax Credit	--	--	--	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ -	\$ -		
Tax Credit for Adoptions	--	--	--	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.4
Single Income Rate Reductions	--	--	--	\$ 16.3	\$ 39.3	\$ 49.3	\$ 51.5	\$ 53.8	\$ 56.2	\$ 58.7	\$ 61.4
Increase Standard Deduction	--	--	--	\$ -	\$ 18.4	\$ 14.4	\$ 14.6	\$ 14.8	\$ 15.0	\$ 15.2	\$ 15.4
Increase Personal Exemption	--	--	--	\$ -	\$ 36.3	\$ 28.8	\$ 29.7	\$ 30.6	\$ 31.6	\$ 32.6	\$ 33.7
Tax Credit for Business Machinery	--	--	--	\$ -	\$ 7.0	\$ 10.8	\$ 10.8	\$ 17.4	\$ 20.3	\$ 20.1	\$ 19.0
Earned Income Tax Credit	--	--	--	\$ -	\$ 19.8	\$ 21.0	\$ 21.4	\$ 23.8	\$ 41.0	\$ 45.1	\$ 47.3
Food Sales Tax Rebate	--	--	--	\$ -	\$ 23.6	\$ 25.9	\$ 25.2	\$ 25.6	\$ 32.2	\$ 34.6	\$ 34.6
Oil Property Tax Credits	--	--	--	\$ -	\$ 1.5	\$ 4.8	\$ 2.8	\$ -	\$ -		
Alternative Fuel Credits	--	--	--	\$ -	\$ -	\$ 0.2	\$ 0.2	\$ -	\$ -		
Education Savings Program	--	--	--	\$ -	\$ -	\$ -	\$ 4.0	\$ 4.0	\$ 4.0	\$ 4.0	\$ 4.0
Agriculture Loan Privilege Tax Credit	--	--	--	\$ -	\$ -	\$ -	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
Farm Loss Carrybacks	--	--	--	\$ -	\$ -	\$ -	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4
Income Tax Subtotal \$	--	\$ -	\$ -	\$ 17.9	\$ 147.5	\$ 156.8	\$ 163.0	\$ 171.4	\$ 201.7	\$ 211.9	\$ 217.0
Replace Inheritance Tax with Estate Tax	--	--	--	\$ -	\$ 30.5	\$ 63.3	\$ 66.4	\$ 69.7	\$ 73.2	\$ 76.9	\$ 80.7
Phasing Out of Estate Tax											

Sales Tax Exemptions for:

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New Construction Services	\$ 2.1	\$ 17.7	\$ 18.5	\$ 19.4	\$ 20.3	\$ 21.2	\$ 22.1	\$ 22.6	\$ 23.2	\$ 23.9	\$ 24.5
Utilities Consumed during the											
Production Process	\$ -	\$ 12.4	\$ 13.0	\$ 13.6	\$ 14.3	\$ 14.9	\$ 15.5	\$ 15.8	\$ 16.3	\$ 16.7	\$ 17.2
Residential Remodeling	\$ -	\$ -	\$ -	\$ -	\$ 14.7	\$ 16.6	\$ 17.3	\$ 17.7	\$ 18.2	\$ 18.7	\$ 19.2
Major Component Parts Exemption	\$ -	\$ -	\$ -	\$ -	\$ 1.4	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.9
Grain Storage and Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.1	\$ 0.8	\$ -	\$ -	\$ -	\$ -
Property Consumed in One Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Health Clinic Exemptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Integrated Plant Exemptions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3.9	\$ 4.0	\$ 4.1	\$ 4.2	\$ 4.3
Sales Tax on Used Vehicles											\$ 5.0
Repair of Transmission Lines											
Various Other Exemptions	\$ -	\$ 1.8	\$ 1.9	\$ 2.0	\$ 9.7	\$ 10.7	\$ 11.0	\$ 11.2	\$ 11.6	\$ 11.9	\$ 12.2
Sales Tax Subtotal	\$ 2.1	\$ 31.9	\$ 33.4	\$ 35.0	\$ 60.4	\$ 66.8	\$ 73.0	\$ 73.8	\$ 75.8	\$ 77.9	\$ 85.0
Severance Taxes:											
Production Exemptions	--	--	--	\$ -	\$ 2.7	\$ 4.6	\$ 4.6	\$ 4.6	\$ 4.6	\$ 4.6	\$ 4.6
Depletion Trust Fund											
Insurance Premiums Taxes	--	--	--	\$ 1.5	\$ 21.6	\$ 26.6	\$ 28.6	\$ 24.1	\$ 19.6	\$ 15.0	\$ 12.0
Privilege Taxes					\$ 8.4	\$ 8.8	\$ 9.2	\$ 9.7	\$ 10.2	\$ 10.6	\$ 11.0
Reductions in Employers'											
Unemployment Contributions	97.4	103.8	110.7	119.8	124.2	--	--	--	--	--	--
Total Tax Reductions	\$ 99.5	\$ 162.4	\$ 213.0	\$ 385.3	\$ 759.4	\$ 758.0	\$ 790.2	\$ 823.7	\$ 873.1	\$ 902.2	\$ 933.6
Cumulative Reductions	\$ 99.5	\$ 261.9	\$ 474.9	\$ 860.2	\$ 1,619.6	\$ 2,377.6	\$ 3,167.8	\$ 3,991.5	\$ 4,864.6	\$ 5,766.7	\$ 6,700.4

Total w/o Reduction in Employers											
Unemployment Contributions	\$2.1	\$58.6	\$102.3	\$265.5	\$635.2	\$758.0	\$790.2	\$823.7	\$873.1	\$ 902.2	\$ 933.6
Cumulative Reductions w/o Employers	\$2.1	\$ 60.7	\$ 163.0	\$ 428.5	\$ 1,063.7	\$ 1,821.7	\$ 2,611.9	\$ 3,435.6	\$ 4,308.7	\$ 5,210.8	\$ 6,144.5
Unemployment Contributions											

Tax Increases									\$ 227.6	\$ 227.6	\$ 241.1
Sales and Use									\$ 135.1	\$ 137.6	\$ 142.5

Cigarette										\$ 80.5	\$ 73.0	\$ 72.5
Corporate Franchise										\$ 12.0	\$ 17.0	\$ 26.1
Cumulative Increases										\$ 227.6	455.2	696.3
Net Tax Reductions	\$ 99.5	\$ 162.4	\$ 213.0	\$ 385.3	\$ 759.4	\$ 758.0	\$ 790.2	\$ 823.7	\$ 645.5	\$ 674.6	\$ 692.5	
Cumulative Net Tax Reductions	\$ 99.5	\$ 261.9	474.9	860.2	1,619.6	2,377.6	3,167.8	3,991.5	4,637.0	5,311.5	6,004.1	

Marla Morris

From: Joan_Wagnon@kdor.state.ks.us
Sent: Thursday, February 11, 2010 4:02 PM
To: Marla Morris
Cc: Chris Courtwright
Subject: Re: Agenda Attached-Taxation Committee

Rep. Siegfried asked for a list of organizations that would be eligible under section 5 of HB 2549 to have their sales exempted. Below is the list. I would point out that while we have a complete listing of the organizations under 79-3606 (ii), Youth Development Organizatins, the confidentiality statutes prevent us from listing them. I didn't think about that at the time I replied. It is considered, "taxpayer information."

I gave several examples in the committee, such as Girl Scout cookies, Boy Scout popcorn, day care centers carnivals, etc. which I believe will fit within the guidelines.

Could you please circulate this to the committee?

Joan Wagnon

The following organizations' exemption provide that sales of tangible personal property by the organization, or by or on behalf of the organization, are exempt from sales tax. These organizations sales would continue to be exempt under Section 5 of HB 2549 as long as they met the listed criteria in sec. 5 of the bill. Only those organizations listed by name in the statute can be disclosed because of statutory confidentiality requirements.

- 79-3606 (ii) Nonprofit, nonsectarian, comprehensive youth development organizations
- 79-3606 (vv) Kansas chapters of these Medical Education Organizations:
 - American Diabetes Association -Kansas Affiliate, American Heart Association, Kansas Alliance for the Mentally Ill, Kansas Mental Illness Awareness Council, American Lung Association, Alzheimer's Disease and Related Disorders Assn., Inc., Parkinson's disease association, National Kidney Foundation (of KS and Western MO), The Cystic Fibrosis Foundation, Heart of America Chapter , Spina Bifida Association, Heartstrings Community Foundation, CHWC, Cross-Lines Cooperative Council, Dreams Work, KSDS, Lyme Association of Greater Kansas City, , Dream Factory, Ottawa Suzuki Strings, International Association of Lions Clubs, Johnson County Young Matrons, American Cancer Society, Community Services of Shawnee, Angel Babies Association.
- 79-3606 (yy) Parent-Teacher Associations and Organizations
- 79-3606 (lll) Special Olympics Kansas
- 79-3606 (mmm) Marillac Center
- 79-3606 (ooo) Public libraries
- 79-3606 (ppp) Homeless shelters
- 79-3606 (qqq) TLC for Children and Families
- 79-3606 (rrr) County Law Libraries
- 79-3606 (sss) Catholic Charities or Youthville
- 79-3606 (uuu) Kansas Children's Service League
- 79-3606 (vvv) Jazz in the Woods

79-3606 (www) Frontenac Education Foundation
79-3606 (yyy) TLC Charities Foundation
79- 3606 (aaaa) Victory in the Valley
79-3606 (bbbb) Guadalupe Health Foundation
79-3606 (cccc) Wayside Waifs, Inc
79-3606 (ffff) Sheltered Living

House Taxation Committee
February 12 2010

Tom Finney KACIR Member

Testimony in Support of House Bill 2549

Representative Carlson, Chair, and Members of the Committee:

Knowing that our budget resources are so limited, and the climate among tax payers dose not lean in favor of a tax increase with our economy in distress, I believe that we need to find a better solution. Since 1995 the number of sales tax exemption's has more than tripled and with each of these some other source must pick up this loss. In 1995 sales and use tax collection's were 32% of our total, in 2008 these collection's dropped to 29%. Income and Privilege was 39%.

Eliminating the tax exemption's as recomended by KACIR and shown on the attached sheet's describing the exemption's or exclusion would bring in 194.46 million in 2011 and 200.55 million in 2012. This elimination would reduce the pressure on need to burden the real and personal property tax. As all of us are aware property taxes are a greater burden on our ageing population that are living on a fixed income.

I respectfully request that you give this recomendation very serious consideration.

House Taxation

Date: 2-12-10

Attachment: #4

Statute	Description of Exemption or Exclusion	FY2011 (\$ in Millions)	FY2012 (\$ in Millions)
3603 (b)	Taxes telephone and telegraph services except certain interstate and international services and value-added nonvoice data services	\$ 1.55	\$ 1.60
3603 (c)	Residential utilities	\$ 130.27	\$ 134.18
3603 (f)	Coin operated Laundry Services	\$ 0.39	\$ 0.41
3603 (i)	Coin operated Dry Cleaning Services	Minimal	Minimal
3603 (m)	Fees and charges by any political subdivision, youth recreation organization exclusively providing services to persons 18 or younger organized as a 501 (c)(3) for sports, games and other recreational activities and entry fees and charges for participation.	\$ 0.97	\$ 1.00
3603 (n)	Dues charged by any organization pursuant to paragraph 8 and 9 of 79-201 (veteran & humanitarian organizations) and zoos	\$ 0.36	\$ 0.37
3603 (o)	Motor vehicles exchanged for corporate stock, corporate transfer to itself and immediate family member sales.	\$ 0.22	\$ 0.23
3603 (o)	In 2004, changed the way sales tax computed on isolated and occasional sales of vehicles. Estimated to generate \$2 million annually		
3603 (p)	Labor services for the repair of a residence	\$ 3.10	\$ 3.19
3603 (y)	Sales of bingo cards, bingo faces and instant bingo tickets. Tax rate 2.5 on July 1, 2001 to June 30, 2002; exempt on July 1, 2002	\$ 2.93	\$ 3.03
3606 (v)	Sales of food products purchased by contractor for use in preparing meals for delivery to homebound elderly persons. In 2004, expanded exemption to all personal property purchased by contractor and sales of food products by or on behalf of contractor or organization	\$ 0.89	\$ 0.92
3606 (w)	Residential water	\$ 12.42	\$ 12.79
3606 (ee)	Lottery tickets and shares made as part of a lottery operated by the State of Kansas	\$ 15.12	\$ 15.65
3606 (ii)	Property purchased by nonprofit organization for nonsectarian comprehensive multidiscipline youth development programs and activities and sales of property by or on behalf of such organization	\$ 2.81	\$ 2.91
3606 (ii)	Educational materials purchased for distribution to the public at no charge by a nonprofit public health corporation	\$ 0.09	\$ 0.09
3606 (oo)	Property purchased by a community action group or agency to repair or weatherize housing occupied by low income individuals.	Minimal	Minimal
3606 (qq)	Property and services purchased by a nonprofit museum or historical society which is organized under the federal income taxation code as a 501 (c)(3)	\$ 0.42	\$ 0.44
3606 (rr)	Property which will admit purchases to an annual event sponsored by a nonprofit organization organized under the federal income taxation code as a 501 (c)(3)	\$ 0.04	\$ 0.04
3606 (tt)	Property and services purchased by not-for-profit corporation for the sole purpose of constructing a Kansas Korean War memorial and is organized under the federal income taxation code as a 501 (c)(3)	\$ -	\$ -
3606 (vv)	Property purchased by the following organizations who are organized under the federal income taxation code as a 501 (c)(3): American Heart Association, Kansas Affiliate; Kansas Alliance for the Mentally Ill, Inc.; Kansas Mental Illness Awareness Council; in 2004 added: Heartstrings Community Foundation, Cystic Fibrosis, Spina Bifida Assn, CHWC, Inc., Cross-lines Cooperative Council, Dreams Work, Inc., KSDS, Inc., Lyme Association of Grater Kansas City, Inc Dream Factory, Ottawa Suzuki Strings, International Assn of Lions Clubs, Johnson County young Matrons, American Cancer Society, Community Services of	\$ 0.85	\$ 0.88

House Taxation

Date

Incentive

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3606 (iii)	Property and services purchased by organizations distributing food without charge to other nonprofit food distribution programs. Includes taxes paid on and after July 1, 2005 and prior to July 1, 2006.	\$ 0.25	\$ 0.26
3606 (iii)	Property and services purchased by Special Olympics Kansas, Inc., and sales made by or on behalf of Special Olympics.	\$ 0.03	\$ 0.03
3606 (mmm)	Property and services purchased by Marillac Center, Inc. and sales made by or on behalf of the Marillac Center.	\$ 0.06	\$ 0.06
3606 (nnn)	Property and services purchased by West Sedgwick County - Sunrise Rotary Club for constructing boundless playground.	\$ 0.02	\$ 0.02
3606 (ooo)	Sales made by or on behalf of a public library	\$ 0.01	\$ 0.01
3606 (ppp)	Property and services purchased by non-profit Homeless Shelters, and sales made by or on behalf of these organizations.	\$ 0.11	\$ 0.12
3606 (qqq)	Property and services purchased by TLC for Children and Families, Inc. and sales made by or on behalf of TLC	\$ 0.18	\$ 0.19
3606 (rrr)	Property and services purchased by county law library.	\$ 0.11	\$ 0.12
3606 (sss)	Property and services purchased by catholic charities or youthville and sales made by or on behalf of catholic charities or youthville	\$ 0.69	\$ 0.71
3606 (ttt)	Property and services purchased a contractor for a purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum which is a qualified under the governor	\$ 0.11	\$ 0.12
3606 (uuu)	Property and services purchased by Kansas Children's Service League and sales made by or on behalf of the KCSL	\$ 0.16	\$ 0.17
3606 (vvv)	Property and services purchased by Jazz in the Woods and sales made by or on behalf of such organization	\$ 0.01	\$ 0.01
3606 (www)	Property purchased by or behalf of Frontenac Education Foundation and sales made by or on behalf of such organization	\$ 0.00	\$ 0.00
3606 (xxx)	Property and services purchased by the Booth Theatre Foundation, Inc. Provides for refund of sales taxes paid from January to July 2007.	\$ 0.03	\$ 0.03
3606 (yyy)	Property and services purchased by the TLC Charities Foundation, Inc. and sales made by or on behalf of these organizations.	\$ 0.00	\$ 0.00
3606 (zzz)	Property purchased by Rotary Club of Shawnee Foundation		
3606 (aaaa)	Property and services purchased by or on behalf of Victory in the Valley and sales made by or on behalf of such organization	\$ 0.02	\$ 0.02
3606 (bbbb)	Guadalupe Health Foundation, sales of entry or participation fees, charges or tickets for annual fundraising event	\$ 0.12	\$ 0.12
3606 (cccc)	Property and services purchased by or on behalf of Wayside Waifs for the purpose of providing such organizations annual fundraising event and sales made by or on behalf of such organization	\$ 0.01	\$ 0.01
3606 (dddd)	Property or services purchased by or on behalf of Goodwill Industries or Easter Seals o Kansas, Inc for the purpose of providing education, training and employment opportunities for people with disabilities and other barriers to employment	\$ 0.04	\$ 0.04
3606 (eeee)	Property or services purchased by or on behalf of All Beef Battalion, Inc. for the purpose of educating, promoting and participating as a contract group through the beef cattle industry in order to carry out such projects that provide support and morale to members of the United States armed forces and military services.	\$ 0.00	\$ 0.00
3606 (fff)	Property and services purchased by Sheltered Living, Inc for the purpose of providing residential and services for people with developmental disabilities or mental retardation, or both; and sales made on behalf of such organization	\$ 0.03	\$ 0.03
		194.46	200.55

Existing to assist individuals with disabilities to live,
work and play in the community...

**Testimony to the Taxation Committee
February 12, 2010
Janet M. Williams PhD
communityworks inc**

Chairperson Carlson, my name is Dr. Janet Williams and I really appreciate your time today. I own a business called communityworks inc. with offices in Overland Park, Lawrence, Leavenworth and Topeka. I started my business in 1993 on my own and now have 500 employees. Revenues my first year were \$12,000 and for 2009 we had nearly \$8 million in revenues. Last year, communityworks inc was named the largest woman owned business, ranked by number of employees, by the Kansas City Business Journal. We've added 50-100 employees every year for the past 4 years.

communityworks inc is a licensed home health agency. We provide services to people with brain injuries and other disabilities. We offer an alternative to inpatient rehabilitation and save the state of Kansas \$21,000 per person, per month by providing the same services in the community. That's a savings of \$252,000 per person per year. We provided services to 180 people last year. That's \$45,360,000.000 in savings. Yes, \$45 million dollars. We did the same thing for just under \$8 million. If we went away tomorrow Kansas would have no choice but to provide these services in an institution.

The program we have established has been recognized nationally as a model for Medicaid. Thirty seven other states have come to see what we are doing to replicate our work. Most impressive is that this program is temporary. After rehabilitation people go back to work or use far fewer services than when they started. Every person's goal is to pay taxes again, and many do.

Imagine my surprise when, the day before Thanksgiving, I received a call that Medicaid rates were being slashed an unprecedented 10%. And now, like every other business, my unemployment rates are going up to the tune of \$93,000.00 per year. Honestly, it's still hard to believe. At first, I wondered where to start. I will tell you there are no books on how to make this work. So I did the only thing that made sense. We went through our budget line by line to look at cuts as well as revenue opportunities.

The 10% cut is \$800,000 in an \$8 million budget. You would think that being able to stand up in front of 70 staff 13 days before Christmas and thank them for saving the State Kansas millions of dollars, for supporting more than 180 people to leave institutions in one year and for growing a company by 39% would be cause for celebration. It was not. In the very next sentence I had to tell staff their pay was cut by 5% percent, three of their coworkers would lose

Williams testimony 2010 House Committee on Taxation

House Taxation
Date: 2-12-10
Attachment: #5

jobs and we would be cutting their benefits and mileage. It was a day I thought I'd never experience. It was a day I never want to experience again.

We find ourselves in very difficult times, together. It would be easy if there were an either or situation, either cut more services or increase taxes. We must do both, and do it line by line. Looking line by line at sales tax exemptions for recreational activities, fundraising events, nonprofit and charitable groups and religious organizations would be a start to reign in some of the inconsistent tax breaks. Please see this bill as an opportunity to go line by line through these exemptions and look at the inconsistencies. Look at the tax breaks that don't make sense and take them away.

I want to create more jobs, I want to pay my employees a living wage. I want to be part of the economic development of Kansas. Give those needing essential services a fresh start and give tax breaks in Kansas a much needed review.

Thank you.

February 12, 2010

House Taxation Committee

Honorable Richard Carlson, Chairman

Honorable Committee Members

Testimony in Opposition to H.B. 2549

Mr. Chairman, my name is Dennis Wilson, and I represent Kansas Churches for Fair Taxation, a newly formed coalition made up of many churches and denominations and various religious groups whose use of the sales tax exemption is threatened in this bill on Page 35, starting on Line 1.

First, allow me to provide a little history. I served in the legislature from 1995 to 1999 in the Kansas House, and again in the Kansas Senate from 2005 to 2009, and I have a great deal of respect for everyone who serves in the legislative body. I, along with many of my colleagues in 1998, chose to pass a bill that exempted religious organizations who qualified under the IRS ruling 501©(3). The bill ended up as an amendment to a larger tax bill that was signed into law by Governor Bill Graves.

The arguments for the merits of this exemption ring as true today as it did 11 years ago. The fact that the religious organizations like churches, synagogues, and many other religious activities who have had the benefit of no taxation from the federal government to the state level, is a time-tested advantage because of the sacred work that they extend to the most needy of our society.

Think of the many ways that these various organizations save the State of Kansas, and the Federal government money. Often times, they take care of the homeless, the poor, those who have no other place to turn to in the middle of the night. Women and children who have been abused, those who are experiencing mental difficulties, those who are seeking food and shelter, or counseling to save a marriage. Often times, providing food and clothing during the holiday seasons, and the most intangible of all needs: Offering counseling for man's internal salvation.

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Just think if all the churches and religious organizations did not provide these services and functions for our society. We, as a state would be more burdened. We would be deeper in debt, and our SRS divisions could not begin to meet the needs with all of these additional demands for services.

Now, we as a coalition recognize the enormous task that lie ahead of you trying to find the resources to balance the budget, but please consider that some of these exemptions actually pay dividends to our state.

This coalition is made up of churches from every corner of Kansas, and today in this room I have many who live and work and/or represent those in your communities who would respectfully and prayerfully ask you to not repeal this exemption. This issue is of vital importance to us, and we will be actively working during the entire legislative session to communicate the critical nature of this exemption.

Most all of us, worship somewhere and I am sure you are well aware that these organizations also face financial difficulties in these economic times, and the savings of every penny may make the difference of not turning away any person in need. This coalition wants you to know that we will be praying for all legislators during these very difficult days, and you have our utmost respect for your service to Kansas. With that Mr. Chairman, I would now be pleased to answer any questions you may have.



Catholic Charities
OF NORTHEAST KANSAS

9720 West 87th Street • Overland Park, Kansas 66205 • Phone: 913.433.2100 • www.catholiccharitiesks.org

House Taxation Committee

Friday, February 12, 2010

Testimony in Opposition of House Bill 2549
Repealing Sales Tax Exemptions for Non-Profit Entities

Jan Lewis, President/CEO, Catholic Charities of Northeast Kansas

Chairman Carlson and members of the Committee, my name is Jan Lewis and I am the President/CEO of Catholic Charities of Northeast Kansas. Catholic Charities of Northeast Kansas is a non-profit, faith-based, human services organization that offers Family Stabilization & Strengthening programs in the 21-counties of Northeast Kansas and serves more than 85,000 people of all faiths annually. I am honored to be with you today representing not only our organization and the people that we serve, but to also speak on behalf of all the non-profit entities that work to alleviate poverty in our State.

I appear before you today in opposition to the repeal of certain sales tax exemptions for non-profit organizations as part of House Bill 2549. We in the non-profit sector are well aware of the budget crisis that the State of Kansas has been battling for many months now. It is a crisis that has already impacted Catholic Charities and the people that we serve as we have experienced cuts in State funding to specific programs, most recently the 10% across the board reduction in Medicaid reimbursements that provide critical assistance to many of the most vulnerable among us.

Over the past year, more than 33,000 individuals came to Catholic Charities' door for assistance with basic needs such as food, shelter, utilities, transportation and prescription drug costs. Of those, more than 40% were seeking help from Catholic Charities for the first time. At the same time, we have been challenged by shrinking funding pools to meet these basic needs.

Like the State of Kansas, we too have had to go beyond tightening our belts and have been forced to make painful decisions about how and who we are able to serve. Our employees have not had a pay increase in two years. Some valuable, long-term programs were sacrificed in order to focus more resources on meeting the swelling tide of basic human needs. In making those decisions, we have been guided by our Church's Teachings, which tell us that the "basic moral test is how our most vulnerable members are faring. In a society marred by deepening divisions between rich and poor, our tradition recalls the story of the Last Judgment and instructs us to put the needs of the poor and vulnerable first."

While Catholics call this a preferential option for the poor, I think there is a broad consensus amongst Kansans and their elected officials that we should not balance the budget on the backs of the poor. This sentiment was evident when many members of the Legislature expressed concern that the Governor's proposal to increase the sales tax, which is a regressive tax, would fall especially heavy upon those living at or below the poverty line. Yet the legislation we are discussing today, which would strip human service organizations of their sales tax exemptions, is in many ways a "back door" tax that would negatively impact the same population.

Based on Catholic Charities of Northeast Kansas' annual expenditures, the proposed legislation would generate sales taxes for the State of Kansas in the neighborhood of \$150,000 to \$200,000 annually. They are not insignificant dollars, but are just a drop in the bucket of what it will take to close the gap in the State's budget. While in the short-term it appears to be easy money, one has to ask the question "What is the ultimate cost?"

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Catholic Charities OF NORTHEAST KANSAS

9720 West 87th Street • Overland Park, Kansas 66205 • Phone: 913.433.2100 • www.catholiccharitiesks.org

For the people served by Catholic Charities and other non-profit human service organizations across the State, the cost is unmet needs. What does \$200,000 deliver? It is the entire cost for staff, equipment, and facilities to operate our South Johnson County Emergency Assistance Center where we touched the lives of 12,593 people last year. What does \$150,000 deliver? It provides rent assistance to over 2,000 people, keeping them in their homes and off the streets. What does \$100,000 deliver? It provides 2,400 individuals with heat during the long cold winter nights.

There is a long-standing collaboration between the State and the non-profit organizations who serve on the front lines. Non-profits look to the State to provide not only appropriate subsidies and tax relief so that we have the resources to keep our doors open, but also through its policy making to work towards a just society. The State looks to non-profits to mobilize people and other community resources to effectively, efficiently and compassionately meet the needs of its citizens. We cannot do our job without you and you cannot do your job without us.

As you deliberate on this proposed legislation, I ask that you read the names of the organizations that will be impacted. I ask that you consider their mission and the people that they serve. And I ask that you recognize that whatever economic decision you make will carry with it long-term moral consequences.

Thank you.

About Catholic Charities of Northeast Kansas

Founded in 1956, Catholic Charities of Northeast Kansas is a nonprofit human and health services agency that assists annually more than 85,000 people of all faiths. Catholic Charities serves 21 counties in northeast Kansas with service site locations in Emporia, Leavenworth, North Johnson County, South Johnson County, Topeka and Wyandotte County. The goal is to offer help and hope and to move the families from a situation of poverty and anxiety to one of self-sufficiency and stability. Catholic Charities provides a wide range of programs including: Emergency Assistance and Case Management, Early Child Care and Education, Support for Refugees, Children and Families Services and Hospice Care.

About Jan Lewis, President and CEO

Jan Lewis has more than 30 years of experience in both the corporate and non-profit sectors. Lewis has a bachelor's degree in civil engineering from the University of Nebraska and a MBA from Rockhurst University. Prior to joining the leadership team at Catholic Charities, she spent 20 years with Butler Manufacturing Company, her last two and a half years as President of BUCON, Inc. d/b/a Butler Construction. As President and CEO of Catholic Charities, Lewis oversees all of the organization's efforts to help more than 85,000 people of all faiths in need annually. She works to promote and maintain Catholic Charities' mission to be the "Good Samaritan" to our neighbors in need by providing help, hospitality and hope. Lewis has always viewed leadership as a servant role, recognizing that she is called to lift up and support the staff and volunteers who are daily touching the lives of so many in need. Lewis, along with her husband Ralph, volunteers with Worldwide Marriage Encounter, ministering to married couples throughout Northeast Kansas.

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Testimony of
Sharon Geiss
On behalf of the
Kansas Community Nutrition Services
Before the
House Tax Committee

February 12, 2010

Sharon Geiss, Executive Director
Mid America Nutrition Program
1538 Industrial Avenue
Ottawa, KS 66067
785-242-8341
sdgeiss@midamericanutrition.org

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Chairman Carlson, and Members of the Committee. I am Sharon Geiss, Executive Director of Mid America Nutrition and board member of the Meals On Wheels Association of America. I am also a member of the Kansas Community Nutrition Services or KCNS for whom I am testifying today. KCNS is an organization of nutrition service providers from across Kansas. We provide nutritional support to help older persons stay independent in their own homes. Money spent now on good nutrition pays dividends in the future. As stated by Former Assistant Secretary of Health and Human Services Josephena Carbonell – “The cost of a one-year supply of home-delivered meals to a person equals about the cost of one day in the hospital.”

I come to you on behalf of the more than 40,500 urban and rural frail elderly individuals in the state of Kansas who receive federally and state funded home delivered and congregate meals from state nutrition programs. Nutrition programs which address malnutrition in the elderly and homebound population of our state are facing a *monumental crisis*. Let me be specific.

- State General Fund cuts during 2009 stripped \$1,141,000 from senior nutrition programs. ARRA funds supplanted \$878,930 of those cuts for 2010 but will not be available in 2011
- Loss of the tax-exemption will impact the nutrition providers by \$974,882. Put in human terms, that is 715 frail, elder Kansans losing their meals for one year.

Why is it a crisis?

- Nutrition programs have never received a cost of living increase from state and federal funds
- Nutrition providers face a number of other challenges, many of which are directly tied to high fuel costs, which in turn affect the cost of food and supplies, the cost of gasoline, the cost of volunteers who deliver the meals, and the cost of utilities in the facilities where the meals are served.
- In FY 2009 the average cost of a meal was \$5.41. Meals must be prepared in accordance with strict Federal guidelines including low sodium and low fat.
- Nutrition programs nationally are well known for leveraging government dollars and we are leveraged out. While other programs can build increases through their cost centers and pass those on to the consumer, nutrition programs are stymied by

we cannot charge for the meal to the consumer, we can only ask them to contribute towards the cost of the meal. There is no means testing in this program. This is a regulation of the Older American's Act. Therefore any tax levied on meals cannot be passed on to the consumer and must be paid from program funds.

- In the past we have been extremely effective cutting our costs and running very lean programs. However, we are now malnourished and in need of your help.

What we need from the legislature.

- **Retention of the tax exempt status for senior nutrition programs**
- **Reinstatement of the state \$1.141 million cut from nutrition services in FY2010**

KANSAS COMMUNITY NUTRITION SERVICES - PUBLIC POLICY GOALS 2010

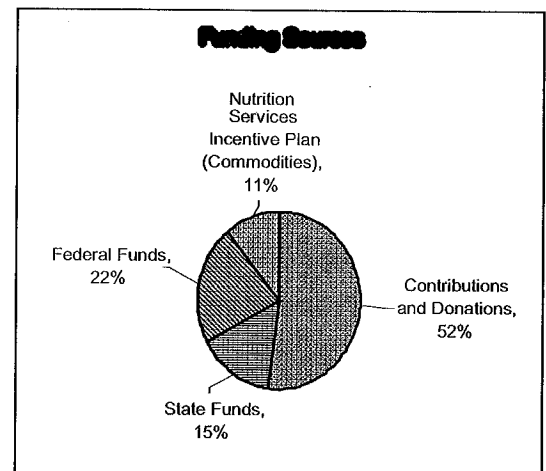
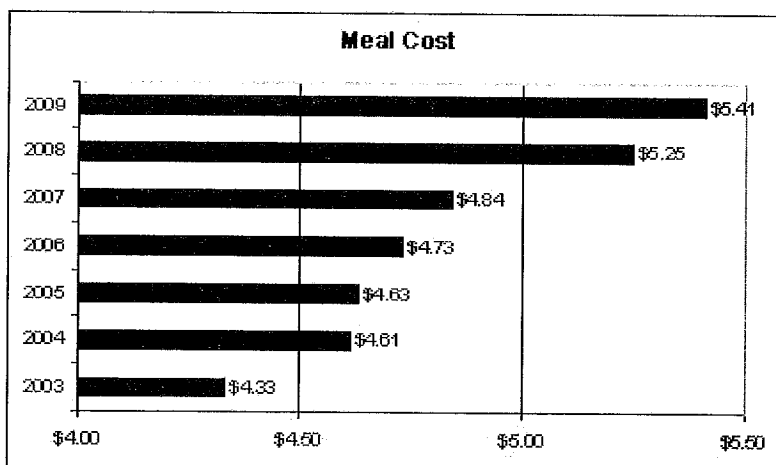
Kansas Community Nutrition Services (KCNS) is an organization of nutrition service providers from across Kansas. We provide nutritional support to help older persons stay independent in their own homes. Nutrition projects are wellness programs. Money spent now on good nutrition pays dividends in the future. A meal provided under the Older American's Act meets 1/3 of the Dietary Reference Intake (DRI) for the senior recipient of that meal.

NEEDED LEGISLATIVE ACTION:

- Reinstatement of the \$1,141,000 cut from nutrition services. ARRA funding will not be available to offset funding cuts.
- Continuation of Tax Exemption status for Nutrition Providers. The state tax will assess an additional \$974,882 on providers. This translates to 715 people losing meals for one year. This total does not include the amount that local taxing entities will levy which will increase the number of people unserved.
- KCNS supports the K4A request for restoration of in-home services funding which includes: Senior Care Act, Medicaid and Base Funding for Case Management

STRENGTHS OF SENIOR NUTRITION PROGRAMS:

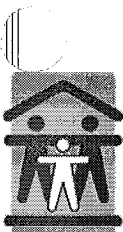
1. **VOLUNTEERS:** ~790,000 hours for \$5,727,500.00 value = to 380 full time employees
2. **IN-KIND SERVICES:** Buildings, utilities, volunteers, local support
3. **FISCALLY RESPONSIBLE:** Federal, State, and County funds combined with donations provided more than 3,400,000 meals in 2009
4. **ESSENTIAL TO LONG TERM HEALTH:** Allows vulnerable seniors – low income over age of 75 - to remain in own homes and Kansas has a higher proportion of seniors than the national average.



CHALLENGES FACING SENIOR NUTRITION PROGRAMS:

1. Revenue losses that include decreased client contributions, state funding and local donations have been exacerbated by increased food costs, operational costs and minimum wage increases.
2. Replacement of aging kitchen equipment and delivery vehicles
3. Nutrition programs have never received a cost of living increase from state and federal funds

“The cost of a one-year supply of home-delivered meals equals about the cost of one day in the hospital.”
- former Assistant Secretary of Health and Human Services Josephina Carbonell



TLC

House Taxation Committee
Thursday, February 11, 2010

TLC for Children and Families, Inc. was founded in 1972 by the Johnson County Young Matrons to fulfill an unmet need for emergency shelter for abused and neglected children in our community. The current mission of TLC is to provide opportunities and encourage positive growth and change for children, youth and families while ensuring a safe environment. TLC strives for the preservation and healing of families by providing services to the extent allowed by our resources that compliment existing community services.

TLC currently has nine services most of which are not offered by anyone else in Eastern Kansas. Our major stakeholders include SRS, JJA and area community mental health centers. In addition we provide services for the District Attorney's office, local school districts, and contractors for the State, families and non-custody youth in crisis and homeless teens throughout Eastern Kansas.

In 2009, we served nearly 500 youth in our residential programs and 7,200 youth and families through our foster care and community based programs. We currently have over 175 employees and a total payroll of just under \$6 million. Nearly 80% of our \$9 million budget comes from governmental sources. As you can see we are an extension of the services provided by the local, state and federal governments. We estimate that our yearly sales tax exemption saves TLC nearly \$30,000. The loss of this exemption would significantly impact TLC during a time of significant economic decline.

Finally we are planning a \$5.5 million expansion of our campus that would bring an additional 25 jobs to Kansas. The loss of our exemption could prohibit us in moving forward with this project. This project would include a clinic that would provide services to children and youth with severe psychiatric and developmental disorders such as autism. In the past three years we have added nearly 125 jobs to our community through a previous expansion that would have been prohibited without our exemption. More importantly we would not have been able to offer desperately needed services to the children and families of our community. We humbly ask that you do not consider removing our exemption and impacting the services we offer to our community. We truly are a partner with the State of Kansas and our local government.

Respectfully,

Bob Drummond, Ed.D.
President/CEO
TLC for Children and Families, Inc.

TLC for Children and Families, Inc.
480 S. Rogers Rd. · Olathe, KS 66062-1706 · 913-764-2887
fax 913-780-3387 · email info@kidstlc.org · web www.kidstlc.org



ACCREDITED
Council on Accreditation
for Children and Family Services



United Way
Affiliated Agency

House Taxation

Date: 2-12-10
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Girl Scouts of Kansas Heartland
Testimony in opposition to House Bill 2549
February 12, 2010

Provided by Shelly Chenoweth, CEO
On behalf of the Girl Scouts of Kansas Heartland

In today's fast-paced world, opportunities for girls to develop leadership skills are scarce. We are passionate about empowering girls to develop positive lifelong skills through our Girl Scout Leadership Experience – covering a wide range of topics including career exploration, financial literacy, science, arts, outdoor adventures, and more. Girl Scouting in Kansas is “Moving at the Speed of *Girl*” – going beyond time-honored traditions of cookies, crafts and camping to offer girls these cutting-edge opportunities.

We are building the future leaders of Kansas, but our ability to continue doing so is in jeopardy.

The three Girl Scout councils in Kansas (Girl Scouts of Kansas Heartland, Girl Scouts of NE Kansas & NW Missouri and Girl Scouts of the Missouri Heartland) serve more than 30,000 Kansas girls and 10,000 adult volunteers. Our ability to serve as the premier leadership organization for girls - offering leadership experiences to **girls from all walks of life, regardless of ability to pay**, depends on our efforts to raise money from a variety of sources. Reductions in individual, corporate and United Way contributions have already forced us to close offices, camps and cancel programs. If sales tax exemptions are removed, girls would have even fewer opportunities.

For the sake of today's girls and tomorrow's leaders, we ask you to **oppose House Bill 2549**, and allow us to maintain our current sales tax exemption. Girl Scout Cookie sales account for nearly sixty percent

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of our annual revenue, and the passing of the proposed bill would cause a negative economic impact on products sales alone of more than \$500,000 to the Girl Scouts organization in Kansas. Our current sales tax exemption is crucial to the viability of our organization.

This deep of a cut would potentially affect vital services such as outreach (serving girls in underrepresented or underprivileged areas), financial aid, volunteer training and Girl Scout properties. These areas are considered at risk because they are primarily “output” and not “input,” meaning we receive little if any income to offset expenses.

Some have suggested that we simply raise the price of a box of cookies to offset the sales-tax expense, but national statistics indicate that Girl Scout councils who have recently raised prices have experienced as much as a 20 percent drop in sales – meaning it is not a feasible option to pass the sales tax expense on to the consumer.

A decrease in sales would directly impact those we are serving. Girls use the funds from Cookie Sales to pay their own way through Girl Scouting. They purchase their own uniforms and earned awards, as well as supplies for their troop meetings and local community service projects.

Your opposition to House Bill 2549 will help ensure that Girl Scouting in Kansas can continue to thrive by providing quality programs, leadership opportunities and outdoor educational experiences to girls from all walks of life. We ask you to consider the valuable services we provide (some of which federal and state services can no longer provide) when making decisions about non-profit sales tax exemptions.

Thank you for your time and consideration.

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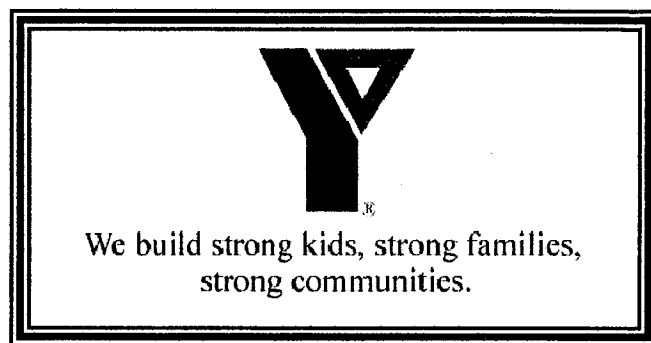
Should you have any questions about the testimony provided today, Shelly Chenoweth can be reached at 316.684.6531 x531 or schenoweth@kansasgirlscouts.org.

TO: The Honorable Richard Carlson, Chair
Members of the House Taxation Committee

FROM: Dennis Schoenebeck
On behalf of the YMCAs of Kansas

RE: H.B. 2549 An Act concerning sales taxation; relating to the imposition
of tax on certain services; exemptions, repealed; fundraising
sales.

DATE: February 12, 2010



Good morning Chairman Carlson and Members of the Committee. I am Dennis Schoenebeck and I am appearing before you today on behalf of the ten Kansas YMCA's in opposition to the provisions of H.B. 2549 that would impose a sales tax on certain memberships, programs and purchases provided by the YMCA's and other non-profit organizations in Kansas.

By way of information, I serve as the General Executive of the Greater Wichita YMCA.

From our review of H.B. 2549, we believe the repeal of sales tax exemptions found on pages 13-14 under K.S.A. 79-3603 (m) and (n), and provisions on pages 26 and 31 under K.S.A. 79-3606 (ii) and (rr) would negatively impact Kansas YMCA's and the communities they serve.

As we are all aware, the economic challenges facing Federal, state and local governments have placed an extraordinary burden on their ability to provide much needed services to Kansas citizens. That is the reason we are here today – to evaluate current sales tax exemptions under these difficult times to see if they continue to be good public policy.

The state of Kansas has made significant cuts in its spending and state programs over the past two years and continues to evaluate ways to close its revenue shortfall that are sure to include even more budget cuts. The most difficult of these reductions are in the area of social services, where our most vulnerable citizens are forced to do without needed services making their lives even more challenging.

As you consider making changes in the state's tax policy, we thought it important for you to hear from Kansas YMCA's to learn more about what we are doing to supplement and complement the state's efforts to provide meaningful services to all of its citizens, but perhaps most importantly, to those in great need at this difficult time.

A few of the facts about the YMCA's of Kansas can best illustrate this point:

- 545,700 Kansans were served by YMCA's in 2009. This represents one out of every 5 Kansans and includes more than 180,000 (or one out of every four) Kansas kids.

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- \$10.1 million in free and assisted YMCA programs were delivered to more than 80,000 Kansans in 2009. Many of these programs would have to be provided by the government if YMCA's were not available.
- YMCA's are the state's largest provider of child care, youth camps, fitness activities, sports programs, after school programs and swim lessons.
- YMCA's serve vulnerable Kansans and tailor programs to serve the elderly, military families, at-risk youth and special needs children and adults.
- In 2009, YMCA's worked to Activate America, providing free health fairs, screenings, exercise and nutrition activities for Kansas communities at a total value of more than \$560,000.
- YMCAs received nearly \$9.0 million in financial support from individuals and local businesses, with an additional \$2.5 million donated in volunteer services from more than 11,000 volunteers across the state.
- YMCA's are volunteer-led, nonprofit community organizations that belong to the communities they serve.
- YMCA's serve their entire community and provide access to programs and services regardless of a person or family's ability to pay. No one is turned away from a YMCA for financial reasons.

As you can see from this brief list of YMCA services, Y's are helping the state of Kansas provide a safety net for some of our most vulnerable citizens, particularly during these difficult times.

Due to the tenuous condition of our economy, many of the families served by the YMCA are struggling to make ends meet. Consequently, adding sales tax to the costs of our memberships and programs is not an option in these difficult times. These additional taxes will result in further burdens on these vulnerable families. YMCA's will see a loss of participants, loss in funding and ultimately our ability to provide services will be significantly reduced. If YMCA's absorb the taxes in an effort to continue providing affordable services, free and assisted programs like after school programs, youth sports, scholarships and child care will be forced to take on cuts. Unfortunately, in either scenario it will be the most vulnerable of our citizens who will be asked to shoulder the majority of this burden, as YMCA's are forced to reduce free and assisted program offerings to meet the challenges of increased costs due to sales taxes.

If organizations like the Y are not able to provide these much needed services in our communities, who will? State and local governments are not going to be able to step in and provide these kinds of services nor will the for-profit, private sector.

Kansas is with the overwhelming majority of states that provide for a sales tax exemption for YMCA memberships; only two states collect sales taxes on memberships.

The YMCA's mission is to serve the community through programs that promote healthy lifestyles, strong families and positive youth development, regardless of an individual's ability to pay. Our mission is not driven by the bottom line.

I would like to close by saying we know you have a difficult task ahead of you as you work to balance the state's budget. The YMCA's are facing similar challenges with more and more people making economic decisions in regard to their memberships, increased requests for services and increases in the number of people seeking financial assistance from our facilities.

The YMCA's of Kansas respectfully suggest that increasing our costs by assessing sales taxes on our membership fees, programs and purchases will be very regressive and lead to further loss of the programs and services provided by our organization and similarly-situated ones, making any increase in state revenue more than offset by a loss of such programs in our communities.

Thank you for your consideration of our comments today.

Dennis Schoenebeck
General Executive
Greater Wichita YMCA



KANSAS YMCAs

WE BUILD STRONG KIDS, STRONG FAMILIES, STRONG COMMUNITIES

Camp Wood YMCA
Garden City Family YMCA
Greater Kansas City YMCA
Greater Wichita YMCA

Junction City Family YMCA
McPherson Family YMCA
Pittsburg Family YMCA
Salina Family YMCA

YMCA of Hutchinson & Reno County
YMCA of Topeka

YMCA MISSION: To put Christian principles into practice through programs that promote healthy lifestyles, strong families, and positive youth development to build healthy spirit, mind and body for all, regardless of ability to pay.

YMCA VALUES: Caring, honesty respect and responsibility

YMCA DIFFERENCE: YMCAs are volunteer-led, nonprofit organizations that belong to the communities they serve.

For over 150 years, Kansas YMCAs have remained relevant, effective organizations by developing programs that meet community needs. As the needs of the community changed, so have the programs.

In today's tough economic times and with the growing disparity among obesity levels between high and low-income households, YMCAs are continuing to respond to changing community needs by expanding services to unemployed, low-income and at-risk populations.

YMCAs also make communities better places to live through programs that nurture the healthy development of children, encourage positive behavior in teens and strengthen families.

Kansas YMCAs serve
1 out of 5 Kansans
1 out of 4 Kansas kids

YMCA PARTNERSHIPS (partial list)

Schools/Education

Public & Private K-12 Schools
Private & Community Colleges
Public Universities
Early Learning Centers
Head Start & Early Head Start
State Pre-K Programs
Vocational & Trade Schools
Home Schools

Government

Parks and Recreation
Housing Authorities
Public Libraries
Departments of Health
Department of Corrections
Kansas Dept. of SRS & CACFP
Smart Start Kansas
Judicial Services
National Guard & Military Bases
Veteran Services
Government Council on Fitness
Kansas Hunter Safety Program
Police & Fire Departments

Coalitions

Community Health Coalitions
Domestic Violence Groups
Communities in Schools
Youth Activity Coalitions
Early Education Coalitions
Silver Sneakers

Religious Groups

Churches of all Faiths
Interfaith Councils & Coalitions
Fellowship Groups
Intergenerational Programs
Youth Service Programs
Catholic Charities

Other Nonprofits/Community Service

Activate America
American Red Cross & Blood Centers
Boy and Girl Scouts of America
United Way & Supported Agencies
Children's Mercy Family Health Partners
Salvation Army
Women's Shelters
Homeless Shelters & Rescue Missions
Independent Living Centers
Big Brothers Big Sisters
Group and Children's Homes
Hospitals & Rehabilitation Programs
Addiction Recovery Centers
Providers for the Mentally & Physically Disabled
Family Service & Guidance Centers
Service Clubs & 4-H
Boy's and Girl's Clubs
Meals on Wheels
YWCA's

Kansas YMCAs
provided \$10.1 million
in free and assisted
programs in 2009



Building houses in partnership with God's people in need

Feb. 12, 2010

Dear Kansas House Taxation Committee Members:

Please DO NOT support the proposed Kansas House Bill 2549.

As one of several Habitat for Humanity affiliates serving in Kansas, Wichita Habitat for Humanity (WHFH) respects the challenges that you, our elected officials, are facing in the effort to balance the budget. Amidst the worst economic crisis in decades, affordable homeownership programs are ever more vital as safety nets to keep families off the streets. Revenue projections from the proposed by HB2549 have been already been presented to you by proponents of the bill. The purpose of this letter is to offer you a look at this bill's "cost" to the people and communities you serve.

Enactment will require all Kansas Habitat for Humanity affiliates to pay sales tax on the purchase of building materials, reducing the ability of WHFH to help the very-low income population of our communities. WHFH has demonstrated efficient and effective service by using 84% of available funds for program services. Please look for other state efficiencies in spending to rather than looking to balance the state's budget on the backs of the very-low income population.

The negative "cost" effect of the proposed legislation on Wichita Habitat for Humanity is estimated to be:

- ◆ **Less money to build affordable houses:** The projected additional sales tax expense is at least \$47,000 a year for WHFH or at least \$470,000 less for houses the next 10 years!
- ◆ **One LESS WHFH house built each year:** The local community will lose property tax and insurance revenues throughout the 20-year mortgage for each house for a total of \$360,200 from 1 house less for each of 10 years.
- ◆ **Lost revenue for the local community:** Each WHFH house does business with local suppliers for the purchase of building materials and subcontractors. In 10 years this number grows to over \$600,000 in lost business revenue for 10 lost houses. The purchase of building materials for ONE WHFH house contributes an average of \$41,360 in revenue for Sedgwick County businesses.
- ◆ **Future WHFH homeowners will bear the cost of this sales tax:** The increased cost of building materials will mean the mortgage payments of very-low households will go up!
- ◆ **WHFH houses have already generated \$544,657 property taxes and \$365,756 homeowners insurance to the surrounding community.**



Building houses in partnership with God's people in need

Some quick facts for you about WHFH's service and contributions to the community:

- ◆ **WHFH contributes to Kansas by paying sales tax on everything EXCEPT building materials. The organization does not receive state funding and it even pays sales tax on subcontractor labor to install the electrical, plumbing, heating and air conditioning systems, and concrete work on each house.**
- ◆ **WHFH builds houses at extremely affordable rates, sells them without making a profit, and provides buyers with 20-year 0% interest mortgages.**
- ◆ **The homebuyers pay nothing for the cost of homebuyer education, which ensures successful homeownership. It works and homeowners maintain solid repayment**

On behalf of the WHFH we are asking you to secure the promise of affordable, secure housing for vulnerable Kansas families by **advocating against these bills**. As the economic crisis reaches its height, more and more families will be left out in the cold. Investment in safe, secure housing for families fosters safer and more active communities; improves the health and education of children; and provides an opportunity for parents to create long-term financial security. In short, clean, stable, and decent homes have the power to help low-income families lift themselves — and their communities — out of poverty.

I know this is a challenging issue. Yet with the budgetary strain on our state's programs, I'm asking that you please make sure affordable homeownership programs continue for Kansas families who need a hand-up, not a hand-out to improve their lives and stop the cycle of poverty.

Your leadership on this important issue can make a big difference. Thank you for your support!

With Respect,

A handwritten signature in cursive script that reads "Linda Stewart".

Rev. Linda Stewart
Executive Director

ABOUT WICHITA HABITAT FOR HUMANITY, INC. – 2/12/2010

Mission Statement: By the grace of God, Wichita Habitat for Humanity, Inc. (WHFH) changes lives by building homes and facilitating successful homeownership with people in need of simple, decent, and affordable homes.

WHFH is a nonprofit 501(c)3 organization serving Sedgwick County as an affiliate of Habitat for Humanity International for 23 years. Over **120 very-low families**, living between 25-60% area median incomes, **are now** successful **tax-paying homeowners** of simple, decent, and affordable Habitat houses. There are currently over 17,000 sub-standard housing units in Wichita, making the task of ending poverty housing to be enormous. A typical mortgage payment on a WHFH Energy-Star certified three bedroom house is \$360.00/month (principle, property taxes, and homeowners insurance). A high utility bill for these energy-efficient houses is below \$100.00 a month.

REVENUE SOURCES, SALES TAXES, AND COMMUNITY REVENUE FROM HOUSES:

WHFH does **NOT receive revenue** from the State of Kansas.

Private donations and grants are the source of ALL funds for costs for:

- ◆ House construction,
- ◆ Neighborhood development projects
- ◆ 0% interest mortgages
- ◆ Free mortgage processing and
- ◆ Homebuyer education.

WHFH houses **generate revenue through property taxes and homeowners insurance premiums** and benefit the community's economy!

Paid to date:

- ◆ \$544,657 property taxes
- ◆ \$365,576 insurance premiums
- ◆ Future revenues continue!

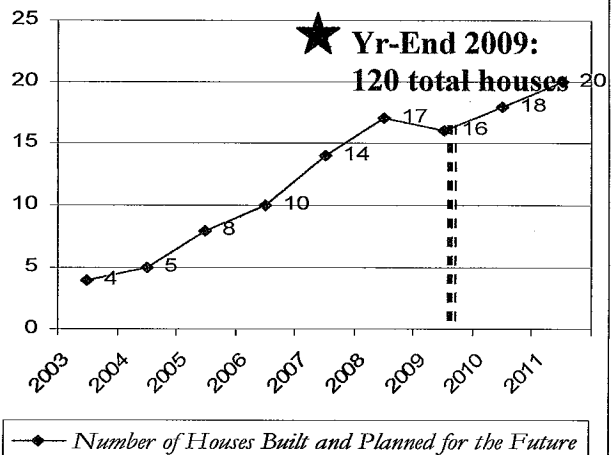
WHFH **pays sales taxes** on:

- ◆ *Subcontractors to install electrical, HVAC, plumbing, concrete in houses*
- ◆ *Office supply purchases, etc.*
- ◆ *Homeowner training materials*
- ◆ *Vehicles, tools, trailers, gas*
- ◆ *Sales of materials in the ReStore home improvement resale store*

WHFH has benefited from the State with **limited sales tax exemption** for:

- ◆ *Building materials used for house construction*

Organization Has Expanded Service to Reach Additional Low-income Families in Need



WHFH homeownership **STOPS** the CYCLE of POVERTY, improves the quality of children's lives and education, reduces the future "soft costs" for community services, and ends the cycle of poverty. **Children who grow up in homeowner-occupied properties are 116% more likely to graduate from college and become homeowners within 10 years of leaving the nest.**



Founded in 1865 by
William and Catherine Booth

Shaw Clifton
General

Barry C. Swanson
Territorial Commander

Jeffrey Smith
Major
Divisional Commander

DOING THE MOST GOODSM

Kansas and Western Missouri Divisional Headquarters

3637 Broadway, Kansas City, Missouri 64111

p: 816-756-1455 f: 816-756-1382

www.salarmy-mokan.org

February 9, 2010

The Honorable Richard Carlson
Chairman, House Taxation Committee
Kansas House of Representatives
Kansas Statehouse, 274-W
Topeka, KS 66612

Representative Carlson,

On behalf of The Salvation Army, Kansas and Western Missouri Division, I am writing to express our opposition to **HB 2549**; a bill seeking to modify much of the current sales tax system throughout the state.

The impact of this bill, should it be enacted, could have noticeable effects on many Kansans; for low and fixed income citizens some of these changes could be particularly significant. Language in the bill seeks to subject services such as residential utilities and repair services to the state sales tax at a rate of 5.3%. Households will see immediate increases, for example, in their utility bills to accommodate for this change – increases above and beyond rate adjustments obtained through the normal regulatory process. Many of the families we serve are working families who have little to no financial cushion within their own budgets. Often we are asked to provide emergency assistance with utilities, rent or food because that cushion has been eliminated. The impact of HB 2549 could place further stress on those budgets for many of our families and for some, push them past the point of needing one time assistance into a place where long term services are required.

Our concern is that the proposal to generate more revenue for the state through the changes in this bill, particularly to low and fixed income Kansans and not-for-profit organizations, will compromise the safety net structure developed to help these individuals and those organizations that have served as partners to the state. The Salvation Army has been a presence in Kansas for over 100 years; we have served as one of these partners for much of that history. It is our hope that as you consider testimony to HB 2549 and other proposals for new revenue during this difficult time, you maintain that safety net system in place for the most vulnerable Kansans and those who serve them. Thank you for your consideration Representative.

Sincerely,

Major Jeffrey Smith
Divisional Commander
The Salvation Army, Kansas and Western Missouri Division

House Taxation

Date: 2-12-10

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February 9, 2010

TO: House Taxation Committee
FROM: John Ratzenberger, Vice President of Development
RE: HB 2549 and Concerning Sales Tax Exemptions

Chairman Carlson and members of the Committee, thank you for the opportunity to submit testimony in regards to HB 2549 and the elimination of sales tax exemptions, specifically that of Sheltered Living, Inc.

Sheltered Living, Inc. is a non-profit organization that was founded in 1971 by a group of parents and community volunteers. We opened our first home for men and women with mental retardation and developmental disabilities in 1972. Today, Sheltered Living, Inc. provides residential, day and case management services to nearly 250 adults and children with over 100 collective diagnoses in the Topeka and Shawnee County area. Our mission is to support people with disabilities to achieve independence and actively participate in the community.

After 37 years of operation, in 2009, Sheltered Living, Inc. was finally awarded a sales tax exemption by the Kansas Legislature. After less than a year, we are now facing the possibility of losing the exemption with HB 2549.

We urge you to please reconsider the elimination of our sales tax exemption for the following reasons.

Since receiving the sales tax exemption in July 2009, Sheltered Living, Inc. has realized a savings of nearly \$35,000. These savings came from purchases of food and supplies for our services and from our sales at our annual fundraiser.

Throughout 2009, Sheltered Living, Inc. was fortunate enough to receive a large Affordable Housing Grant. This \$350,000 grant allowed us to make

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much needed home improvements to many of the homes we occupy. With the sales tax exemption, at the end of the year, we were able to save \$26,763.

Because of the sales tax exemption, we were able to do so many more home improvements that we otherwise would have been unable to afford. Those include:

1. Replace old floor coverings (over 15 years old) - \$19,923 – not in the original grant
2. Replace the kitchen cabinets - \$8,201
3. Total tear out and replacement of bathroom – \$14,500
4. Overage on cost of rebuilding a wheelchair shower for a client in elongated bath chair - \$4,000 over the original estimate of \$6,000.

As you can see, during the short time from July 1, 2009 to the present, Sheltered Living, Inc. has reinvested the savings realized from the sales tax exemption. We were able to reinvest into the services we provide, reinvest in the people we support, and reinvest in our community's economy.

We ask you, as leaders of this great State of Kansas, to reinvest in Sheltered Living, Inc. We ask that you reconsider eliminating the sales tax exemption for Sheltered Living, Inc.



HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

Ronald R. Hein
Attorney-at-Law
Email: rhein@heinlaw.com

Testimony re: HB 2549
House Taxation Committee
Presented by Ronald R. Hein
on behalf of
National Kidney Foundation of Kansas and Western Missouri
February 12, 2010

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for and a Board member of the National Kidney Foundation of Kansas and Western Missouri. NKF KS/MO is a regional office of the National Kidney Foundation with a service area of the entire state of Kansas and the western portion of the state of Missouri. Its mission is to assist patients with kidney disease. It fulfills this mission through numerous services including raising funds for research; providing direct patient care and treatment; providing early intervention screenings; providing a camp for children with kidney disease, including kids on dialysis; organ donation awareness and numerous other programs.

For those of you who don't know, my wife, Julie, unselfishly donated a kidney to me in 1996, after my kidneys failed as a result of childhood onset Type I Diabetes. I also subsequently received both a kidney and a pancreas from a non-living donor in 2007, which cured my 44 years of diabetes. As a result of that experience, and for other reasons, my wife Julie and I are vitally interested in organ donation without remuneration.

I also previously served on the Board of Directors of the NKF, and Julie and I provide lobbying services for them on a pro-bono basis.

NKF opposes HB 2549 which repeals the sales tax exemptions for the 501(c)(3) health associations, including the National Kidney Foundation of Kansas and Western Missouri.

The fiscal impact to the state of Kansas by eliminating this exemption is relatively minimal. But my reason for opposing is NOT just because NKF does NOT want to pay the tax, it is because the NKF can just as easily buy their goods in Missouri, and thereby avoid paying any Kansas tax, and take their business cross border. When I first lobbied for the exemption for the NKF, they had their office on Stateline, and they could easily, and did, purchase their goods and supplies in Missouri so as to save the sales tax cost of Kansas tax. Thus Missouri, while not getting any sales tax, gets the economic development, generates the revenue for jobs, and gets the tax revenue from income tax, payroll taxes, and the turnover effect of the dollars spent in that state.

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House Taxation Committee
February 12, 2010



The NKF urges your opposition to the removal of this sales tax exemption in HB 2549.

Thank you very much for permitting me to submit this written testimony.



AARP Kansas
555 S. Kansas Avenue
Suite 201
Topeka, KS 66603

T 1-866-448-3619
F 785-232-8259
TTY 1-877-434-7598
www.aarp.org/ks

February 11, 2010

The Honorable Richard Carlson, Chairman
House Taxation Committee

Reference - HB 2549

Good morning Chairman Carlson and members of the House Taxation Committee. My name is Ernest Kutzley and I am the Advocacy Director for AARP Kansas. We represent the views of more than 359,000 members across the state of Kansas. Thank you for allowing us to present our written comments in opposition to HB 2549.

HB 2549 would eliminate the 0% sales tax applicable to residential gas and electric utility services. AARP believes that these types of charges should take into account the limited ability of low-income people to afford necessary services. These fees fall disproportionately on the older population who are low-income, including minorities, women and older people who live alone. Many of these Kansans will not see an increase in their Society Security benefits this year as their cost of living continues to rise.

AARP believes that:

- To broaden the tax base, state and localities should carefully evaluate and reevaluate the incentives they offer to attract or retain business, since such subsidies must be offset by greater tax burdens on consumers and other taxpayers and may have negative environmental consequences.
- States and localities should not enact tax cuts that could threaten vital spending programs when economic activity slows.
- Taxes should be equitable and should distribute the burden according to people's ability to pay.

House Taxation

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Jennie Chin Hansen, President
Addison Barry Rand, Chief Executive Officer

- Charges should take into account the limited ability of low-income people to afford necessary services.
- Taxation should be progressive and not regressive.

We understand that, during these trying financial times with declining revenues, every aspect of revenue sources should be considered. However, with continuing increases in utility costs, efforts should be made to protect the low-income and elderly and to maintain safety net programs, schools, and Kansas communities. AARP supports income tax as a preferred method of raising revenue at the federal and state levels because it is the most progressive. We believe that charges should take into account the limited ability of low-income people to afford necessary services. Therefore, we oppose HB 2549, which would eliminate the 0% sales tax applicable to all residential gas and electric utility services.

Respectfully,
Ernest Kutzley



American Heart Association® | American Stroke Association®

Learn and Live®

February 11, 2010

TO: House Committee on Taxation

FROM: Linda J. De Coursey, Advocacy Director—Kansas

RE: HB 2549—Imposition of sales tax on certain goods and services, elimination of certain sales tax exemptions and fundraising sales

you're | **the**
cure™

Mr. Chairman and members of the Committee:

My name is Linda De Coursey, and I am an employee of the American Heart Association. Thank you for the opportunity to submit written testimony on HB 2549.

The American Heart Association exists to build healthier lives free of heart disease and stroke – the first and third leading causes of death in the United States and Kansas. In fact, cardiovascular disease and stroke account for over 35% of all deaths in Kansas each year and are responsible for more deaths than the next seven leading causes of death combined. Nationally, it is estimated that total direct expenditures for treatment of cardiovascular disease in 2009 will be nearly \$304.8 billion. Adding indirect costs for lost productivity and the total cost of cardiovascular disease for 2009 is estimated to top \$475.3 billion.

The human and financial impact of cardiovascular disease and stroke are too great to ignore. The American Heart Association has been the leader in the prevention and treatment of cardiovascular diseases. The research we have funded just at our Kansas institutions of higher learning has yielded tremendous results including the discovery of new drugs to treat and prevent minor strokes, as well as the collection of important data on the re-narrowing of arteries following angioplasty.

Simply stated, the work of not-for-profit health organizations such as the American Heart Association play a major role in the betterment of life for all Kansans. Not only are Kansans benefiting from our free health screenings and information, but our universities benefit from the investment we make through our research grants.

Here is just a quick look at some of the extraordinary impacts the American Heart Association offered in Kansas during 2009.

- **Consumer Outreach:** Thousand of people are getting credible information to help them eat better, exercise more and take control of their heart health with our patient education resources. We distributed more than 5.4 million pieces of patient education information nationally.
- **Consumer Health:** Go Red for Women is the American Heart Association's campaign to teach women to turn personal choices into lifesaving actions. As well as Start!, our movement to get people to work more, eat well and live longer!
- **Research:** National Research Program Dollars to be paid to Research Institutions: Total of \$64.6 million. In Kansas, \$593,772 was awarded.

Kansas State University—\$143,000; Kansas University Medical Center (2) - \$360,000; and Kansas University – Lawrence \$ 90,772 for a total of \$593,772.

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American Heart Association | American Stroke Association

Learn and Live.

you're the **cure**

House Committee on Taxation
February 11, 2010
Page Two

Simply stated, the work of the American Heart Association plays a major role in the betterment of life for Kansans. As you can see, any money we save through the sales tax exemption is put to good use and reaches people of all ages throughout the state. In addition to the services above, we continually provide physicians and other medical personnel the latest research and prevention education so that they can be of better service to their patients.

We recognize that you and your colleagues have difficult decisions to make, but I doubt that the value of the Heart Association's sales tax exemption will amount to much more than a rounding error in your budget deliberations. On the contrary, however, the loss of the exemption would certainly impact our ability to deliver life-saving benefits back to the state at the levels we currently do. We understand the economic situation the state of Kansas is currently in, and understand looking to all levels, but we truly hope you will not pass this bill.

Thank you, Mr. Chairman and members of the committee, for allowing us to state of concerns.



816 SW Tyler St., Ste. 300
Topeka, Kansas 66612
Phone: 785-233-4085
Cell: 785-220-4068
Fax: 785-233-1038
www.kansasco-op.coop

House Taxation Committee Feb. 12, 2010

HB 2549 - sales tax imposition and exemptions.

Chairman Carlson and members of the House Taxation Committee, thank you for the opportunity to comment on HB 2549. As you know, this measure will expand the application of the sales tax and eliminate certain sales tax exemptions.

The Kansas Cooperative Council (KCC) is a voluntary, statewide trade association representing all forms of cooperative businesses across the state -- agricultural, utility, credit, financial, refining and consumer cooperatives. A variety of businesses are covered under the co-op umbrella from financial services, to grain processing, handling and storage to refining. Thus, a number of sales tax exemptions affect our members.

Justifiable tax exemptions have been created for agriculture, agribusiness, credit unions, REC's and the cooperative business community as a whole. These have been created, in large part, to maintain and foster a competitive business environment and promote business development/growth. The Kansas Cooperative Council supports retention of these exemptions and incentives in our state tax laws. We appreciate the financial situation the state is in, presently, but the KCC also recognizes that elimination of an exemption essentially equals a new or additional tax.

As we examined HB 2549, we took particular note of changes on page 16 relative to servicing, maintaining and cleaning machinery and equipment. The majority of our members engage in business activities heavily reliant on a wide range of machines and equipment. Although final application of any tax change may be subject to some interpretation, those impacted by the loss of this exemption could see noticeable increases in their cost of doing business. Thus, we are not supportive of these provisions.

We appreciate the opportunity to share some of our concerns with HB 2549 with this committee. If you have any questions regarding our testimony or position on this bill, please feel free to contact me at 785-220-4068. Thank you.

Leslie Kaufman, Executive Director
Kansas Cooperative Council

House Taxation
Date: 2-12-10
Attachment: 18



Written Statement of the Kansas Grain and Feed Association in Opposition to House Bill 2549
Presented to the House Taxation Committee on February 12, 2010
Representative Richard Carlson, Chair

Chairman Carlson and members of the House Taxation Committee, I am Ron Seeber, Vice President of Government Affairs of the Kansas Grain and Feed Association (KGFA) and the Kansas Agribusiness Retailers Association (KARA).

The KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA's membership includes over 700 agribusiness firms that are primarily retail facilities which supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. KARA's membership base also includes ag-chemical and equipment manufacturing firms, distribution firms and various other businesses associated with the retail crop production industry.

We are opposing the bill specifically on page 16 of the bill, lines 33-40. Currently, businesses do not pay sales taxes to service, maintain or clean machinery and equipment (tangible, real property), but this bill would change that amount and has the potential to cost our businesses possessing such equipment. We have heard of different definitions on whether our industry would be affected and fear that an incorrect interpretation could have unintended dire consequences.

Thank you for this opportunity to testify on this important legislation.

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Date: 2-12-10
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KGFA & KARA MEMBERS ADVOCATE PUBLIC POLICIES THAT ADVANCE A SOUND ECONOMIC CLIMATE FOR AGRIBUSINESS TO GROW AND PROSPER SO THEY MAY CONTINUE THEIR INTEGRAL ROLE IN PROVIDING KANSANS AND THE WORLD THE SAFEST, MOST ABUNDANT FOOD SUPPLY.



3521 SW 5th S.
Topeka, KS 66606
785-357-5256
785-357-5257 fax
kmha1@sbcglobal.net

TO: Representative Richard Carlson, Chairman
And Members of the
House Taxation Committee

FROM: Martha Neu Smith
Executive Director

DATE: Friday, February 12, 2010

RE: HB 2549 – Sales Tax Exceptions

Chairman Carlson and members of the Committee, my name is Martha Neu Smith and I am the Executive Director for Kansas Manufactured Housing Association (KMHA) and I appreciate the opportunity to provide written comments in opposition to the repeal of K.S.A. 3603(p) the exemption on labor services for residential "repair" work.

KMHA is a statewide trade association, which represents all facets of the manufactured and modular housing industry including manufacturers, retail centers, community owners and operators, finance and insurance companies, service and supplier companies and transport companies.

KMHA is opposing the removal of the sales tax exemption on labor services for residential repair work because it will increase the cost of maintaining a home. Over the past several years, at all levels of government the spotlight has been on the need for affordable housing. Manufactured housing is still one of the most affordable forms of unsubsidized housing available and the proposed legislation reinstating sales tax on labor for residential repair will certainly have a negative impact on our homeowners and renters.

The 2009 State of the Nation's Housing report compiled by the Joint Center for Housing Studies of Harvard University states that the number of households paying more than half their income for housing jumped from 13.8 million in 2001 to 17.9 million in 2007. It is no surprise that lower earning families are more likely to spend more than half their income on housing. KMHA believes that the removal of the sales tax exemption on labor for residential repairs will only increase the pressure on affordable housing for families that already have limited housing options.

KMHA would respectfully ask that if the House Taxation Committee moves HB 2549 forward that they consider amending the bill on Page 15, Line 11 to maintain the sales tax exemption on labor for residential.

Thank you for your consideration.

House Taxation
Date: 2-12-10
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Setting the Standard for
Utility Excellence

Water District No. 1 of Johnson County

To: Members of the House Taxation Committee

**From: Darci Meese, Government Affairs Coordinator
Water District No. 1 Johnson County (WaterOne)**

Date: February 11th, 2010

RE: Testimony in Opposition to House Bill 2549

On behalf of WaterOne, I am here today to testify in opposition to House Bill 2549 to the extent that it would impose sales tax upon residential water bills.

The impact of 2549 only poses a minor administrative burden on water utilities. The tax rates will be a line item on each customer's water bill just as commercial accounts are treated now. The average residential water bill in WaterOne service territory is approximately \$32.00 a month. Customers will likely contact the utility to question the increase on the bill, but it is easily explained as a state or local tax the utility is mandated to collect.

The primary concern with 2549 is obvious and certainly will be considered by this Committee--this is a tax upon an essential product and service. **During this struggling economy, the Kansas Legislature should look elsewhere to raise revenue and not consider increasing costs to the average resident on the necessities of daily life.**

Darci Meese, Government Affairs Coordinator
Water District No. 1 of Johnson County, Kansas
913-895-5516 direct
913-579-9817 cell dmeese@waterone.org

House Taxation
Date: 2-12-10
Attachment: 21



DEPARTMENT OF KANSAS

HOUSE BILL NO. 2549
By Committee on Taxation

AN ACT concerning sales taxation relating to imposition of tax on certain services; exemptions, repealed.

Testimony by

Chairman Carlson and members of the Committee, I am Ken Stodgell, the State Adjutant and Legislative Chairman for the Veterans of Foreign Wars (VFW). We would like to thank you for the opportunity to submit testimony in opposition of HB-2549.

The VFW does not support this legislation because we believe it is a tax that adds an additional burdon to those organizations and individuals that can afford it the least.

Senator Carlson and members of this committee you are to be commended for your initiative in tackling the work that is before you this year.

House Taxation

Date: 2-12-10
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February 12, 2010

To Chairman Carlson of the Kansas House Taxation Committee and Honorable Members,

I am writing this letter in opposition to the repeal of the sales tax exemption.

Bill (#HB2549) I am not opposed to the whole bill, just the part that refers to Religious Organizations.

It is my belief as a Kansas State citizen that this part of the bill will not help our state. I am aware that we are living in hard times, and budget shortfalls have driven the state to take drastic measures to balance the budget. While the repeal of sales tax exemption may help the State reach it's budget, the economical and sociological impact this decision will have on our State will be far greater.

Governor Parkinson has already made cuts to several special needs groups. Many of the cuts have already affected people, but the churches in Kansas are standing in the gap, and providing a great deal of support to the hurting and needy families that the cuts have already affected. If the churches and other organizations that are here for the people are not allowed the tax exemption, the assistance and support to Kansans will be decreased. The churches of Kansas are not funded by the State, and should not be looked at as an easy way to balance the budget. Much of the money that comes into the churches has already been taxed by State income taxes. Sure there are those that write checks, and they are allowed a tax exemption, but how many \$20 bills do you see in the plate, that are not claimed by any individual?

I feel that the churches of Kansas do a great deal to lead their members to be better men and women, which leads to better communities in Kansas. If we have better men and women in our communities, then we will have better counties in Kansas. If we have better communities then we will have better counties, if we have better counties, then we will have a better State that is led by better men and women.

If Kansas is made up of better counties, communities, people, and churches; Then Kansas will have an impact on our Country.

Without the local churches there would be many more people hurting right now without any kind of hope.

The churches of Kansas give people hope for a better tomorrow. If the repeal of tax exemption is allowed to pass churches will be hurt. Therefore the churches will have to cut back the amount of help they are able to provide the people.

It is my belief that the State of Kansas does not realize the impact that the local church has on the people of our great State. The local churches stand in the gap, and help those the State can't. We are not supported by the State, and funds we receive are gifts from the people of the State. Please don't look at these gifts as a way to meet the State Budget.

Sincerely

Nathan Wood
5419 SW 27th St
Topeka, KS 66614
785.249.8283
nwoodksu@yahoo.com

Covenant Baptist Church SBC
5440 SW 37th St
Topeka, KS 66614

House Taxation
Date: 2-12-10
Attachment: 23

February 9, 2010

RE: HB2549

TO: Chairman Carlson of the Kansas House Taxation Committee and honorable members

I'm writing this in regards to Bill #2549 and hoping to encourage you to reconsider passing this bill in its' current form. This bill will repeal the sales tax exemption that our churches and other religious organizations have enjoyed. I am not opposed to the entire bill, but to this part of it.

Our church has several ministries to our community that would be adversely affected by the passing of this bill. We have a food pantry that serves a number of families outside of our church walls. The amount of food items we could purchase to meet the basic needs of hungry families and the number of families we could serve will be reduced because of the amounts of sales tax that would have to be paid to purchase items for said food pantry.

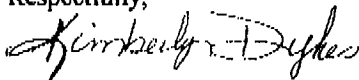
We also support the Salina Rescue Mission- a homeless shelter for men. Our ability to help the mission operate, to provide food, clothing, shelter and meet health, spiritual and emotional needs, will be hampered if we are unable to donate to them because we are having to pay sales taxes for utilities and supplies for our church. Our ability to continue to support our Citys' Emergency Aid Food Bank would be affected in the same way.

The ministry we have to the homebound and nursing home members of our town would feel a hit if the monies we use for it had to be redirected to pay sales taxes. The cards and gifts we send and the visits we make would be sorely missed by them.

I believe the church should be a vital part of the community. A place to worship yes, but also actively reaching out in Christ's love to meet the needs of the hungry, the poor, the homeless, the hurting and the lonely. To support the community in the ways I've mentioned and others like DVACK (domestic violence association of central Kansas) and the Crisis Pregnancy Service Center, which works with and helps teen moms.

Our churches are already feeling the crunch of our nations economic woes. To take away the tax exempt status would further cripple our effectiveness in the community and thus adversely affect the community. Thank you for your time in reading and considering this letter.

Respectfully,



Kimberly Dykes
518 Venus
Salina, Ks 67401
Bel-Air So. Baptist Church (member)
Salina

House Taxation

Date: 2-12-10
Attachment: 24

February 11,2010

RE: HB2549

TO: Chairman Carlson of the Kansas House Taxation Committee and honorable members

I'm writing you this letter in regards to HB2549. I'm hoping to encourage you to reconsider passing this bill in its' current form. This bill repeals the sales tax exemption for churches and other religious organizations. I'm not opposed to the bill entirely but to this part.

Our church serves the community with many ministries; one is a food pantry of which I am the director. This ministry would be severely hampered by the addition of sales tax funds. This food pantry meets the basic needs of hungry families in our community regardless of their church affiliation.

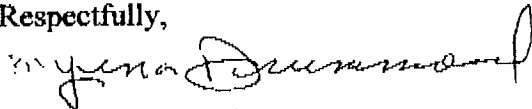
We support the Salina Rescue Mission, which is a homeless shelter for men. The ability to help this mission operate, provide shelter, food and other basic needs as well as spiritual, health and emotional needs would be greatly reduced if we are having to pay sales tax on the utilities and supplies we need for our church. Our ability to continue to support the Emergency Aid Food Bank her in Salina would be affected in the same way.

We have a ministry to the homebound and nursing home members of our community and it also would be affected if we have to redirect funds to pay sales taxes. The visits, cards and gifts we take to these folks would be sorely missed by them.

I believe the church should be a vital part of any community. Not only as a place to worship but also actively reaching out to meet the needs of others in Christ's love. Helping the poor, hungry, homeless, the lonely and the hurting are an important contribution to our society. Supporting the community in the ways I've already mentioned and others like DVACK (domestic violence association of central Kansas) and the Crisis Pregnancy Service Center (working with and helping teen moms) would be severely hampered by this bill.

Our churches are already feeling the crunch of this nations economic problems and to take away the tax exempt status would further hurt our effectiveness in this city. Thank you for your time.

Respectfully,

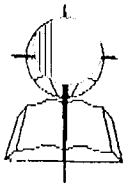


Myrna Drummond
2062 Haskett
Salina ,Ks 67401
Bel-Air So. Baptist Church
Salina

House Taxation

Date: 2-12-10

Attachment: 25



"Go ye theretore and make disciples"

First Southern Baptist Church

1201 East 23rd Avenue, Hutchinson, Kansas 67502

(620) 663-4425

February 9, 2010

Ray Kempel
Pastor

To: Chairman Carlson of the Kansas House Taxation Committee and honorable members

Doris Hamby
Church Secretary

In a day when it is increasingly hard to find moneys to meet some basic needs, I believe we need to oppose the repeal of the sales tax exemption on churches contained in Bill 2549.

Lanny Scholes
Music Director

In the life of the church, we survive by the willing contributions of the people. We also budget these funds to meet the ever increasing needs in our communities. In the budget and in offering for feeding the poor, taking care of utilities of the people who are struggling and helping with medical needs of some is getting to be more of a challenge. We work with families in crisis, youth who are estranged from their families and other local service organizations meeting the community needs.

Ryan Pardue
Youth Director

Taxing local churches or non-profit organizations will divert the money from meeting critical goods or services that are not met anywhere else.

The people who give to churches have already been taxed on their money. If the churches are taxed when they invest that money back into the community, it will be a double tax.

If in the bill (#HB2549) the part on religious organizations passes, it would decrease our ministry to those families and children we are investing in for the future. In our budget of giving back to the community is approximately \$48,500. To tax that, it would be approximately \$3,500. That would be money diverted from goods and services to the people in need that we service.

I personally oppose the repeal of the sales tax exemption on churches and other non-profit organizations. I am also aware of several others who have my same convictions.

Thank you.

Ray Kempel

House Taxation

Date: 2-12-10
Attachment: 26

"To glorify God by evangelizing and discipling people beginning with Hutchinson and unto the world"

Fax: (620) 662-5596

E-Mail: fsbc@fsbhutch.kscoxmail.com

TOTAL P.01



February 9, 2010


Chairman Carlson of the Kansas House Taxation Committee and honorable members thereof,

For years, the federal government, along with states and municipalities, have seen the value that communities of faith bring to our society. It is the purifying influence of our churches that have been helpful in curtailing crime, providing examples to our wayward youth and helped to heal the hurting families throughout our fine state. In addition, churches not only provide employment, but also help to provide a sense of belonging to their members which encourages them to feel connected to and supportive of their communities. Furthermore, churches are helpful in assisting our citizens that are unable to get out and about due to health or incarceration.

House Bill 2549 has been drafted to address the financial woes of our state. Many people look at the potential for real estate taxes, sales taxes and a reduction in exemptions from income taxes. What they don't consider are the mitigating effects of such a move. Removing this exemption would put many of our churches in the state out of business. They would have to close their buildings, lay off their staff and cease their ministry efforts. In the smaller towns of the state, this could translate into an increased flight from the towns as the sense of belonging deteriorates. Many of the ministries being addressed by the local congregations would necessarily fall into the lap of the state. Any tax revenues generated, albeit not nearly as large as estimates may indicate, would be set off by the detriments and increased need for services from the state.

In closing, allow me to say we are praying for each and every one of you. I understand the pressures of trying to come up with funding that is simply not there due to the economy. Rather than pull a trigger that will never allow you to put the bullet back in the gun, why not take some time and consider what your goal, as a legislator, really ought to be. Is it funding only? Hardly! I hope that you, as I, and as many of my friends, want to see Kansas remain a great place to live, work and worship. This decision would not further that agenda.

If you would have any further questions of me, feel free to contact me. My name is Jack Jacob. I am the pastor of First Southern Baptist Church in Liberal, Kansas. My address is 621 North Western Avenue, Liberal, Kansas, 67901. My phone number is (620) 309-8238. Thank you for your consideration.


Dr. Jack M. Jacob
Senior Pastor

House Taxation
Date: 2-12-10
Attachment: 27

To Chairman Carlson of the Kansas House Taxation Committee
and honorable members

Feb. 12, 2010

Please consider the following.

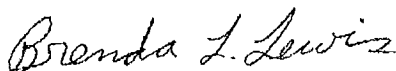
I'm asking you to say **no** to bill # **HB 2549**.

Here are few reasons that it would be harmful to the Church and society at large to pass this bill.

1. The Church does not produce a product to make money. It is dependent on denotations from its membership.
2. The purpose of my Church, besides showing people the Love of Jesus, is to teach and train our members to be morally competent members of society. There is evidence that crime goes down in areas where there are active Churches.
3. Due to the decline in the economy the Churches are hurting financially too. Also, the Churches resources are being taxed by the needs of those without jobs.
4. Our Church helps support a food pantry for the poor, we teach adult English to immigrants, we contribute to The Rescue Mission financially and personally, we send financial support to disaster areas like Haiti, we support a counseling ministry to help families with parenting and marital problems, etc.

We do all this and more with out financial support form the government. So I'm asking you to again say no to HB 2549 in support of the good our Churches do for our state.

Sincerely,



Brenda L. Lewis
3435 NW Country Ln
Topeka, KS 66618

House Taxation
Date: 2-12-10
Attachment: 28

Christian Church in Kansas
(Disciples of Christ)



2914 S.W. MacVicar Ave.
Topeka, KS 66611-1787

785•266•2914 FAX – 785•266•0174

DOUG GRAY
Moderator

10 February 2010

PAXTON JONES
Regional Minister/President
Northeast District Minister
2914 S.W. MacVicar Ave.
Topeka, KS 66611-1787
785/266-2914
FAX - 785/266-0174
pjones@kansasdiscalples.org

To Chairman Carlson of the Kansas House Taxation Committee
and Honorable Members,

I understand that the Kansas House Taxation Committee is seriously considering removing the current sales tax exemption from a number of non-profit organizations, including religious institutions [HB2549]. Please know that doing so would cause incredible hardship to the 95 congregations that comprise the Christian Church (Disciples of Christ) in Kansas.

STEVEN MARTIN
Associate Regional Minister
Camp Administrator
Southeast District Minister
2914 S.W. MacVicar Ave.
Topeka, KS 66611-1787
785/266-2914
FAX - 785/266-0174
smartin@kansasdiscalples.org

Our denomination is similar to others in Kansas in that the vast majority of our churches average less than 100 in worship on Sunday. Such small congregations struggle—and too often fail—to pay their pastors a living wage, resulting in a loss of pastoral leadership and with increasing frequency the closure of the church. To add this increased financial burden upon them would hasten this process to the detriment of both the Church and the communities they serve.

KEN MARSTON
Associate Regional Minister
Central/High Plains District Minister
Central/High Plains Office
5230 Broadway Ave.
Great Bend, KS 67530-3208
620/792-6490
FAX - 620/792-1268
kmarston@kansasdiscalples.org

In addition our judicatory experienced a severe financial loss last year, resulting in a reduction of staff and of the ministries we provide to our constituent congregations. Taxing the expenses we already incur could trigger a further reduction in staff and definitely would erode the effectiveness of our ministries.

RENEE BRIDWELL
Associate Regional Minister
South Central District Minister
South Central Office
1600 State St.
Augusta, KS 67010-2014
316/775-1236
FAX - 316/775-1361
rbridwell@kansasdiscalples.org

Therefore I urge you to reconsider the action under consideration in HB2549 and to defeat this measure.

BARB RUNGE
Coordinator of Disciple Women

Sincerely,

A handwritten signature in cursive script that reads "Rev. Dr. Paxton Jones".

The Rev. Dr. Paxton Jones
Regional Minister & President

Disciples Center at Tawakoni
8492 SW Tawakoni Rd.
Augusta, KS 67010
316/775-1222
FAX – 316/775-1455

Website:
www.kansasdiscalples.org

House Taxation

Date: 2-12-10
Attachment: 29

FEB. 10, 2010

To Whom it May Concern:

About Bill (#HB2549) before the Kansas House to repeal the sales tax exemption for churches and other religious organizations:

We do not like the bill because it will make a hardship on many churches that are trying to good things for needy people in our community.

Our church has a food pantry, Women's Ministry(which does things for the Homebound and Elderly People.) Our donations of food to the Salina Rescue Mission and Emergency Aid/Food Bank would be severely affected, because our church is small with only a few members to help support it. I hope you will understand our thinking on this issue and vote down this bill.

Sincerely,

Ray N. & Dorothy L. Hinkle
902 LENA AVE
SALINA, KS 67401-7226 (785-825-8123)

Representing Bel Air Baptist Church.

House Taxation

Date: 2-12-10
Attachment: 30

February 11, 2010

RE: HB2549

TO: Chairman Carlson of the Kansas House Taxation Committee and honorable members

I am the volunteer church secretary at a small church in Salina, Kansas. I was hired to serve in this position thirty-three years ago. I resigned my paid position June 30, 2009 and became a volunteer due to the downturn in the economy. The church could no longer afford to pay a part time secretary and continue to do the ministry that God has directed us to accomplish.

I'm writing to express my concern over the provision of House Bill 2549 which would do away with the state sales tax exemption provided to religious organizations. The funds that would go to state taxes, if this passes, would extremely cut back our Food Pantry ministry project. The money we send monthly to the Salina Rescue Mission and Salina Emergency Aid/Food Bank will drastically be cut back or discontinued. Projects our Women's Ministry does for our Homebound/Elderly would be adversely affected.

These people we serve will undoubtedly seek help from state run organizations. It seems that this will move the volunteer services we provide to state offices that may already be overloaded.

I believe continuing the state tax exemption would be a better option. This would avoid the need for hiring more people in state offices to work with the needs of those who no longer will be able to find help in the churches.

Thank you for your time.

Sincerely,

Ruth Furgison
Bel Air Baptist Church
1100 W. Cloud St.
Salina, KS 67401

House Taxation
Date: 2-12-10
Attachment: 31

The MasterClass

February 11, 2010

To: Chairman Carlson of the Kansas House Taxation Committee and honorable members:

Every couple of years throughout the United States of America, under the disguise of raising tax dollars for a state or nation, the non-profit community is attacked by people who have forgotten that the non-profit community is one of the pillars of not only the economy of the United States but for the people.

I am the Founder and Executive Director of The MasterClass, a 501©3 under the Congressional District Programs. We offer master classes and workshops to high school and college-aged visual and performing artists. We bring in professional artists from all over the United States to come to our event each year to share their talents, love of youth and of their art form. Our non-profit status does save us tax dollars, I readily admit, but one should not forget the economic impact this event and others like it have on the great State of Kansas and the United States of America.

Our overhead includes housing, feeding, transportation and purchase of supplies for not only the students participating but also our faculty and staff.

Bill #HB2549 may have been written with the belief that "we can get millions of dollars for the state treasury and save our schools" but from past discussions I doubt it as the primary objective. From my experience, it has always been an attack on religious based organizations. The reasoning of raising tax money is a distant second place.

I am sorry that once again this has come up for debate. There is no debate, discussion yes, debate no. We want to encourage the organizations that assist us; especially those who do not depend on a government structure to meet needs not discourage, hinder or stop.

Thank you for your commitment to retain the sales tax exemption for the non-profit communities of Kansas and those of the United States of America.

Sincerely,



John S. Freeman
Founder, Executive Director
The MasterClass

26275 W. 299th Street, Suite A Paola, KS 66071
WWW.THEMASTERCLASS.ORG

House Taxation
Date: 2-12-10
Attachment: 32

Dr. Richard L. Nelson
Sunnyside Baptist Church
2618 E. Morris
Wichita, KS 67211

To Chairman Carlson of the Kansas House Taxation Committee and honorable members: Matter of concern - **House Bill 2549**

Few, if any persons, living in the state of Kansas these days are not aware of the financial crisis our state, and for that matter the United States is in. It must be a very difficult task as a legislator to find the monies to fund programs meeting the needs of the citizens of Kansas. I am confident that there are only so many sources and options available to do so. However, I do not believe that removing the sales tax exemption for non-profit organizations is the answer. Many, if not most, churches and other non-profit organizations are stretched to the limit already seeking and using funds to meet the needs of those who call upon our services.

Non-profit organizations (particularly churches) reach persons that are often overlooked and provide very specialized services that only they can provide. For many non-profits the elimination of this exemption may well mean their closure or a severe reduction in services. To whom then will those receiving these services look to have their needs met? **Therefore, I would urge you not to remove this sales tax exemption for churches in House Bill 2549.**

Sincerely yours,


Dr. Richard L. Nelson

House Taxation
Date: 2-12-10
Attachment: 33

We the undersigned are opposed to **House Bill 2549**, which would eliminate the sales tax exemption for non-profit organizations (churches) in Kansas.

Jennifer L. June

Darlene D. DeLeon

Jubie A. Cox

~~_____~~

Mary Lou Conner

Barbara J. Mann

David Wilson

Calissa Wilson

Teresa Bidwell

Kassie Watson

~~Mary Ann Marshall~~

Marilyn Huffmaster

Carl Huffmaster

Mrs. Bush

~~Ann Durr~~

Rhonda Myers

Curtis Ferguson

Robert Johnson

VICTORY HILLS

CHURCH OF THE NAZARENE



Re: House Bill 2549

Date: February 12, 2010

Respondent: Clark G. Armstrong, Pastor
Victory Hills Church of the Nazarene
6200 Parallel Pkwy.
Kansas City, Kansas 66102

Clark G. Armstrong
Senior Pastor

Stuart Turley
Worship Pastor

Dave Dayhoff
Youth Pastor

Keith Davenport
Community Outreach Pastor

Debi Pence
Children's Ministry Director

It is my desire to express my opposition to the part of this bill related to religious organizations. I am opposed to it because if it passes, churches will no longer be able to make purchases with a tax exemption. Obviously this will adversely affect churches, but it will especially negatively impact urban churches. The church where I serve is in an urban area where we are trying to make a difference in our communities and schools. Let me be brief by simply citing two recent examples from a couple of my leaders.

My Associate Pastor, Keith Davenport writes:

One time that our tax exempt was really important is when we were spending grant money for the after-school program. We had \$900 in grant money to spend and we were able to purchase a laptop, digital camera (and warranty on the camera), thumb drive, Microsoft Office 2007, laptop case, and camera case. Tax Exemption gave us at least \$60 more to put towards this after-school program. Without tax exempt we would not have been able to purchase the laptop case, the thumb drive, or the camera case which all help our purchases last longer.

My Facilitations Manager, Randy Pence in a personal note shared:

Pastor, I don't know how to reply (about the tax exemption privilege for churches), but it is very beneficial to our Church as we use the tax exempt for everything we purchase for the church, in the way of office supplies, janitorial supplies, pop for the machine, maintenance of the vans, etc. This is a great asset particularly to the small churches who struggle for their finances. I know you can put this in much better words than I have, but we certainly do benefit from this advantage and need it.

Actually I could not put it in any better words. I urgently plead with the Kansas House Taxation Committee to revise H.R. 2549 not to include this part of the bill. Thank you.

Respectfully submitted,

Rev. Clark G. Armstrong

Rev. Clark G. Armstrong

6200 Parallel Parkway
Kansas City, KS 66102
Phone: 913-299-4662
Fax: 913-299-1164
www.victoryhills.com

...WHERE PEOPLE MEET **CHRIST.**

House Taxation
Date: 2-12-10
Attachment: 34

FIRST SOUTHERN BAPTIST CHURCH*"To know Christ and make Him known"*

2401 S. OHIO • SALINA, KANSAS 67401 • (785) 823-6828 • www.fsbcshalina.com

TODD BRADRICK
Associate PastorGLENN DAVIS
Senior PastorMIKE MURRAY
Associate Pastor

"To Chairman Carlson of the Kansas House Taxation Committee and honorable members"

It has come to our attention that the Kansas House Taxation Committee is considering HB 2549 which would revoke the sales tax exemption that churches now enjoy. I have spoken to my current House Representative, Mr. Roth, and he has informed me of the difficult situation our state is in due to the current economic conditions. No doubt your job is difficult and difficult decisions need to be made to balance the budget and provide the needed revenue to operate our state government and related entities.

As a church we rely upon the faithful, obedient giving of those who are members and those who attend our church to give faithfully and generously to the work of sharing the truth of the gospel of Jesus Christ to a world that needs to know Him in a personal way. Through the purchase of biblical materials for our educational processes, to food, to office supplies and equipment, to items to upkeep and repair our building, to cleaning items and light bulbs and etc., we are able to do what we do at less expense because of the sale tax exemption.

In 2009, we had a total of \$112,820.06 of expenses that would qualify to be charged sales tax. In our current situation, of being exempt, it saved our church \$8,461.50 in sales tax expenses. If we did not have this privilege it would mean that our church members would have needed to give an additional \$705.13 per month to make up the difference. We will continue to do ministry regardless if the sales tax exemption is repealed or not and we know that God will continue to meet the needs of our church but it would be beneficial for us to not pay sales tax.

Again, I know your decision is difficult and I will be praying for you to have the wisdom needed to make the wisest decision.

Please consider not repealing the sales tax exemption for religious organizations.

Respectfully,



Mike Murray
433 E Kirwin
Salina, KS 67401

House Taxation
Date: 2-12-10
Attachment: 35

February 10, 2010

"To Chairman Carlson of the Kansas House Taxation Committee and honorable members:

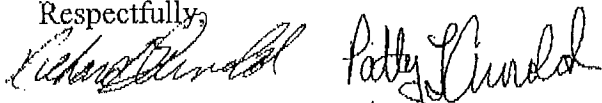
We are writing to express our opposition to the repeal of the sales tax exemption for Religious Organizations as proposed in HB 2549 for the following reasons:

- 1. Tax exemption for religious organizations has helped our pluralistic society in which a broad spectrum of religious and irreligious perspectives flourishes. Such pluralism safeguards against extremism.
- 2. Taxing religious organization property and/or income would destroy the free exercise of religion that the Bill of Rights seeks to protect. The old principle that the power to tax may be the power to destroy is still valid. In regard to taxing door-to-door religious solicitation, the court held in *Murdock v. Pennsylvania* in 1943:

The power to tax the exercise of a privilege is the power to control or suppress its enjoyment. . . . Those who can tax the exercise of this religious practice can make its exercise so costly as to deprive it of the resources necessary for its maintenance.¹
- 3. Another reason for not taxing religious organizations is the excessive government entanglement that such taxation would bring. Government intervention will bring government regulation, which will extend into many aspects of the religious organization's life. Such entanglement must be viewed as unconstitutional.²
- 4. Taxation of religious organizations would also place an additional burden on the State. Religious organizations currently provide for state constituents who no longer or are unable to qualify for state entitlement programs. The financial burden the state expects Religious organizations to assume in providing shelter to the abused and homeless, food, basic living and transportation assistance, life skill training, education and assistance to addicts, and education, training, and financial aid to those in or leaving the justice system would revert back to the State.
- 5. Adding an additional financial burden to religious organizations during austere financial times would add to a decrease in funds available to aid the needy and the forced closure of some religious organizations. This would decrease spending at local businesses and negatively affect state revenues.

Our prayers are with you as you make difficult budgetary decisions for our State.

Respectfully,



Richard L. Arnold, DMin and Patty L. Arnold
 4308 Garland Ave
 Leavenworth, KS 66048

¹ Scott, Jeffrey W. "Taxing Church Property: An Imminent Possibility?" *Christian Century*, (April 2, 1986): 327.
² Ibid: 327.

House Taxation
 Date: 2-12-10
 Attachment: 36

SmartZone Communications Center Collaboration Suite

a4arnold@comcast.net

Kansas House bill #HB2549

Wednesday, February 10, 2010 10:15:01 PM

From: victorandtamara@yahoo.com

To: a4arnold@comcast.net

Cc: leavbaptist1@kc.rr.com

To: Chairman Carlson of the Kansas House Taxation Committee and honorable members

Subject: Kansas House bill #HB2549

Dear Chairman Carlson and honorable members,

We are writing to respectfully convey our opposition to the repeal of the sales tax exemption for our churches.

It is important for the state and the nation to encourage Kansas residents to worship and financially support religious ministries. If our churches have to pay sales tax, that will be money taken out of church budgets that will not go to ministry.

The spiritual health of American citizens is critical to the long term vitality of our country. Churches provide key religious educational and ministry services, and bring important values to our state and local communities. These services and values will be diminished and damaged by this legislation.

Please do not repeal the sales tax exemptions for our churches.

Respectfully,
Victor and Tamara Wu
Leavenworth, Kansas

House Taxation
Date: 2-12-10
Attachment: 37

February 10, 2010

TO: Chairman Carlson of the Kansas House Taxation Committee and Honorable Members:

RE: HB#2549 [Sales Tax Exemption]

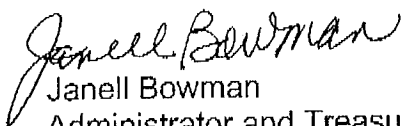
With regard to the House bill mentioned above, that is to be introduced before the Kansas House on Friday, February 12th, I take very seriously our church's tax exempt status and do not take it for granted.

In order to set up our yearly budget, we [the finance committee, elected by church members] take into consideration each and every budget line item and discuss in great length what should be cut and what needs to stay in existence to help fund individual ministry needs. One of these ministries is a Benevolence Program directed to the community in the form of a Food pantry. Additionally, we also assist people with medicine, rent, utilities, and other every day needs. We do this because as a church organization, we believe our biblical responsibilities are to help those in need.

We have fallen onto some rough times, economically, and it has affected us all, some more than others. So, as being a "tax exempt" organization, and if this bill is passed, the resources that we use for these ministries will suffer and will have an adverse affect on many of the less fortunate.

My prayers will be with you as you make your decision known on the issues that are at hand relating to our tax exempt status.

Respectfully,



Janell Bowman
Administrator and Treasurer for Leavenworth Baptist Church
503 Oakbrook Drive
Lansing, KS 66043

House Taxation
Date: 2-12-10
Attachment: 38



Antioch Church

connect. grow. serve.

5201 Antioch Rd. - Overland Park, KS 66202

P: 913.432.4300 - F: 913.432.6905

antiochchurch.com

February 12, 2010

Chairman Richard Carlson
Kansas House Taxation Committee and Honorable Members

RE: House Bill No. 2549

Gentlemen:

As a Senior Pastor may I say unequivocally, the role of government is highly valued and necessary to bring stability to our society. Working together with the local churches, we are in a position to effect change in our local communities, as well as national and international levels of our world.

We offer, for your consideration, the following to fervently request that the State of Kansas maintain the sales tax exemption for religious groups.

- Antioch Church contributed \$56,200 to aid the fight against cholera outbreak in Zimbabwe.
- We spent \$44,000 to impact youth at our annual student conference in 2009.
- Approximately \$40,000 was spent for teams sent to Nicaragua during their troubled times
- Over \$50,000 was spent for teams to Mexico that distributed food, school supplies and other needed items to aid the poverty-stricken and hopeless.
- We spent over \$19,000 to help members of the local community at Christmas.
- We contributed \$20,000 to Haiti Relief efforts.
- We built clean water wells in India at a cost of \$12,000.
- We sent \$72,000 to various mission and relief efforts around the nation and world.
- An additional \$19,000 in financial assistance was given to individuals in need in the local community during the year.
- We distributed food and personal products valued at \$46,500 throughout the community.

These and many other efforts would be significantly reduced by the added cost of sales tax on the items purchased.

Please do not limit our ability to meet the demands of those who are in desperate need.

Thank you for your consideration of this request.

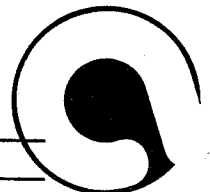
For His Kingdom Work,

Dennis Slavens
Senior Pastor
ANTIOCH CHURCH
Overland Park KS

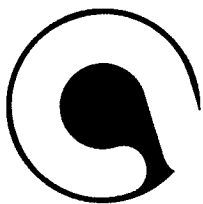
House Taxation

Date: 2-12-10

Attachment: 39



CONNECT.
GROW.
SERVE.



ANTIOCHCHURCH.COM



BAPTIST CHURCH OF ANDOVER

417 W Central Ave, P O Box 7

Andover, KS 67002-0007

onefaith@sbcglobal.net

316-733-5207

www.faithofandover.org

February 10, 2010

RE: HB2549

To Chairman Carlson of the Kansas House Taxation Committee and honorable members

Small churches like ours would experience a devastating economic blow if you repeal the sales tax exemption we currently hold. We are a small church that tries to supplement our community by giving services and support that are not funded by any other sources.

We have programs for children and teens that encourage them to be good citizens and study hard in order to give back to society. We provide free counseling services to families going through difficulties and have ministries that help not only those in our community but those in the inner city areas of Wichita as well. We have provided charitable services to both individuals and families in times of economic hardships.

Taking away this exemption will take away from the support and help we can give back which in turn would fall back on county and state services. We believe that we can provide many services - which sometimes can alleviate any need to seek out other state or county services. We also believe that we can usually do these services for less money than other agencies since we use volunteers and existing staff and building resources as well as being self funded using no outside dollars.

Please understand that you will pull the rug out of basic services that we are providing to our communities. Most churches in this state are small like ours. The benefit you will receive in return for allowing the exemption to remain will far outweigh any taxes that would be gained.

Sincerely,

Jerry A Smith
Pastor
Faith Baptist Church
Andover, KS

House Taxation
Date: 2-12-10
Attachment: 40



To Chairman Carlson of the Kansas House Taxation Committee
And Honorable Members,

Re: HB 2549

I am writing to urge you to reject the portion of this bill which would remove the exemption from sales taxes on churches in Kansas.

I work with the over fifty churches of the Heart of Kansas Southern Baptist Association in the Wichita/Hutchinson area of Kansas.

Our churches are already living under difficult financial burdens. As church members have become unemployed in this recession, the income to their churches suffers as well. Many of the churches in our association are feeling the strain of a difficult economy, and yet are doing their best to offer ministry to those in need.

Churches always live with financial struggle because their mission is never to make or accumulate money. Their mission is to give away all that they can to show the love of God to those in need. The churches in your home towns give freely to help the people of your town. This may look like feeding the poor, or helping those suffering through grief or marriage struggles. This may look like programs for your children or teenagers, or addiction recovery ministries. When we take money from these programs, do we think that it will not cost us more later down the road?

I know that your decisions are difficult and funds are tight for our state. But I want to urge you to reject the taxation of churches as a solution to this problem.

Sincerely,

R. Glenn Davis
1314 Jay Ct.
Derby, KS 67037

True Vine Missionary Baptist Church
307 SE Tefft Street
Topeka, Kansas 66607
Rev. Larry Jones, Sr., Pastor
(785) 235-8442

To: Chairman Carlson of the Kansas House Taxation
Committee and honorable members
Fr: Rev. Larry J. Jones, Sr., Pastor

Date: February 11, 2010

RE: Bill #HB2549

As the leader of a small church it would be an disadvantage for us to lose the sales tax exemption. Our funds are low as it is and we are struggling to help our community and others outside our community. It would be damaging to the community as a whole if we can not be of some service to them.

We are not opposed to the whole bill just the part that is related to Kansas Churches and religious organizations. Not all churches receive millions of dollars to support their outreach to the community.

Prayerfully submitted,

Rev. Larry J. Jones, Sr., Pastor

House Taxation
Date: 2-12-10
Attachment: 42

Rev. Tim Ohls
Believers Southern Baptist Church
13909 West 21st North
Wichita, KS. 67235

February 9, 2010

To Chairman Carlson of the Kansas House Taxation Committee and honorable members,

Re: HB2549

I am writing to you today asking you to reject House Bill 2549.

As the pastor of our congregation, I can assure you that our church is deeply committed to serving our community and meeting needs in our city. We engage in activities that provide food for the needy, clothing for those who would otherwise not have it and engage in providing supplies for school children.

We are trying to weather these difficult economic times just as you are and we are trying to do so without cutting any of the vital ministries we currently sponsor. However, if we should have to spend the charitable dollars placed in our hands to pay sales tax then we will be forced to cut ministries. If we do so then we will have people with no avenue of help and assistance.

I am asking that you would allow us to help this great state by allowing us to maintain the ministries we now engage in. Ministries that are in part made possible by the sales tax exemption we now benefit from as a non-profit entity. With your help we, and others like us, can continue to provide services that will continue to make Kansas a great place to live.

Please reject this bill.

Sincerely,

Tim Ohls
Pastor

House Taxation
Date: 2-12-10
Attachment: 43

February 9, 2010

To Chairman Carlson of the Kansas House Taxation Committee and honorable members:

House Bill 2549 is very concerning to all churches that in many ways impact our communities. Many churches offer assistance for food and clothing and shelter that, if had to pay sales taxes, would not be able to assist in such a generous way. Most religious organizations will be forced to make adjustments in the supplies they are able to purchase even though, in most cases, the dollar amounts aren't large. The real truth is that most churches operate in the restraints of very tight budgets as well and this will be another way for our government to take funds that would otherwise be used to assist people in need.

One true story that I am aware of is that of a school that lost its grant to pay for after school tutoring. The church across the street invested in its community by offering an after school program to assist these students. I am certain that the church would have not been able to assist the students if they would have had to pay taxes on the computers, programs and supplies needed to operate. I also know of churches that fill backpacks with school supplies to assist families that could not otherwise provide the needs of their students. These are just a few stories that I have time to share with you about the negative impact this bill would have.

Another concern is that this bill will be like "Pandora's box." This will undoubtedly be the first step to no longer allowing the public to give to these worthy organizations and receive their tax break. I feel certain that if this bill passes, eventually, churches will begin paying property taxes and it will certainly open discussion for other generous allowances such as housing allowances for clergy. Our clergy are among the highest burnout rate because of their long hours, high stress and low income.

I would ask that you consider all the ramifications of this bill; not simply the income it could generate for the state of Kansas.

Sincerely,



J. Keith Metcalf
Associate District Superintendent



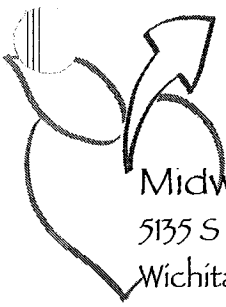
Kansas City District
Church of the Nazarene

7640 Antioch Road
Overland Park, Kansas 66204

P: 913.381.4466
F: 913.381.4494
Email: kcdistrict@kc.rr.com
www.kcdistrict.org

Jeren Rowell
District Superintendent

House Taxation
Date: 2-12-10
Attachment: 44



Midway Baptist Church
5135 S Broadway
Wichita, KS 67216

To chairman Carlson of the Kansas House
Taxation Committee and honorable members

Re: HB 2549

I am writing to urge your rejection of House Bill 2549.

Our church is deeply involved in meeting the needs of our community through several ministries like our Cottage Grove Baptist Good Neighbor Center in the Oaklawn area of Wichita. We have provided food and clothing to low income families, at no charge, for many years. We also operate a half-way house for men coming out of the Wichita Work Release Facility. In addition to these ministries we run a program for addicted persons called Celebrate Recovery which serves up to 40 families; as well as a daycare program that serves up to 100 children, 2/3 of which are low income families. Midway Baptist Church also has a vital ministry to over 30 special need adults. These ministries use no public money.

When times are hard and church income is down we have no way to increase income, so we have to sacrifice and manage every dollar very well to continue to meet the needs of our community. Because we believe in showing the love of God to our community through these ministries we have made the necessary sacrifices to continue these ministries. However, if we have to pay sales tax on everything we buy, the result, *without a doubt*, will be cutting services to our community. Because we operate on the leanest budget possible, as do most non profit organizations, the result of removing the sales tax exemption will be; *hundreds of families in Kansas will lose vital support that will not be provided otherwise.*

Please do not support this devastating legislation.

Sincerely,

Ray Emery
Pastor

316.724.4238—local

316.524.4238—fax

free

midwaybaptist@yahoo.com

House Taxation
Date: 2-12-10
Attachment: 45

To Chairman Carlson of the Kansas House Taxation Committee and honorable members,

I certainly appreciate the difficulties that you, as our representatives, are dealing in with in regard to out state budget. I understand that this is a difficult time not only for our state governments, but our counties, cities and especially our federal government. The economic impact has been felt at every level and in almost every home. While I understand the need to raise money, I respectfully ask that your committee not recommend House Bill 2549. While I am not opposed to every part of this bill, I do oppose our churches and religious organizations losing sales tax exemption. While it appears that the government would gain tax revenue, it would also hurt the communities that our churches serve. Many of the dollars that now go to provide food, clothing, utility assistance, and other needed help, would be spent in sales tax revenue. If the churches and religious organizations do not have the money to give to help others, where is it going to come from? Possibly another government agency would have to fulfill that need. Therefore the government would have greater cost related to assisting those in need, or the people would have to do without.

I appreciate your service and pray that you will be wise in your decision making and thank you for considering my request.

Thank you,

Pastor Don Andrews
Haven Baptist Church
3430 Hutton Rd
Kansas City, KS 66109
(913) 299-3706

House Taxation
Date: 2-12-10
Attachment: 46

To Chairman Carlson of the Kansas House Taxation Committee and honorable members:

I have served for better than 35 years as a pastor of small towns churches in Kansas. I have seen churches go through financial up times and down times. I would like to voice my concern reference the proposed removal of tax exempt status for churches in Kansas. Churches, especially small ones, are presently struggling to survive in a time of economic downturn. Many are faced with the possibility, if not the actuality, of reducing ministries, and in some cases eliminating ministries. In some churches, including mine, the churches have attempted to deal with the financial down trun by cutting our budgets in areas we did not want to cut, and attempting to do the work we feel needs to be done with fewer funds.

Should the state pass this measure it is quite likely going to result in further reduction of ministries due to the increase in expenses. I strongly urge all legislators to talk to church leaders about the impact of such a decision on Kansas churches. I think all churches will feel the impact but especially the smaller, already hard hit churches. It is my belief that such a decision would be devastating to many smaller churches who struggle just to maintain the level of staffing and ministry they presently have.

Over the years when the economy is in a down cycle and people feel the financial crunch it is generally their "charitable giving" that is reduced or eliminated. We are in such a time right now which is resulting in very difficult times for churches. Any added burden, and this would be an extreme added burden, could bring great distress to many churches.

Rev. John M. Dewitt
P.O. Box 1
Uniontown, Kansas 66779

620-224-7438

House Taxation
Date: 2-12-10
Attachment: 47

To: Chairman Carlson of the Kansas House Taxation Committee and honorable members:

As a Kansas taxpayer, I appreciate that you are studying ways to repair the budget shortfall for the coming year. However, I would ask that you continue to support churches and religious organizations by not repealing their sales tax exemption (#HB2549).

We have lived in Kansas for 16 years, and find it to be hospitable to faith ministries. I teach at a private Christian school, and appreciate the ruling to allow academic and athletic competition with private and public schools. It benefits the state to encourage the endeavors of all citizens. I believe we can work together for the good of all.

Churches and religious organizations benefit the state in many ways. After the Greenburg tornado, Baptist relief ministries were quickly on site to feed and aid in recovery efforts. Faith based communities host daycare and after-school ministries, run crisis-pregnancy centers, care for the homeless, build housing for the poor, sponsor medical clinics, feed the hungry, and do gratis counseling to preserve families and marriages that are broken. Our motivation is to "share a cup of cold water in the name of Jesus", not recognition by men. However, the state benefits from this volunteer work by religious organizations. The sales tax exemption allows us to work for the good of all citizens, to spend the dollars that we are given wisely. I know that you desire to spend the dollars you are given wisely also, but it would be counter-productive to diminish the ability of churches to minister to the citizenry.

Thanks for your work on the behalf of the government of Kansas. Please know that you are in our prayers.

Sincerely,
Martha Couric
2301 Persimmon Circle
Olathe, Kansas 66061
913-909-3583

House Taxation
Date: 2-12-10
Attachment: 48

2-10-09

"To Chairman Carlson of the Kansas House Taxation Committee and honorable members"---

It has come to my attention that House bill 2549 is currently circulating through your committee. The ramifications, if passed, would take away the churches ability to make purchases using their tax exempt status. Many churches are now operating on budgets that have been negatively impacted by the bad economic conditions that exist nationwide at this time. Tithes have also been negatively impacted, therefore most churches are being asked to do more due to families suffering from joblessness and slow-downs, with fewer funds to work with as it is. This is NOT a threat---***but a plea from the heart of one pastor in the state of Kansas.*** Please don't pass this bill that will force us to be able to make even fewer ministry purchases--- (food and other items used to help Kansans in dire straights) --which will decrease the number we will be able to help and thereby force them to seek help from already burdened state programs! I understand the budget here in this state is in bad shape. To put this in economic terminology, by decreasing the churches ability to minister to those in need, you decrease the 'supply' of institutions in a position to help those in their areas who need it the most. The demand will be increased upon 'state-run' institutions ---which will increase the cost of the state and federal government to meet that demand. How can this be beneficial to the state of Kansas and your budget? **PLEASE**—do not pass this bill into law!

Pastor Tim Davish,
First Baptist Church
Fort Scott, Kansas
66701
fbcalive@fbcalive.org
(Ph) 620-223-3080

House Taxation
Date: 2-12-10
Attachment: 49

February 10, 2010

TO: Chairman Carlson of the Kansas House Taxation Committee and Honorable Members:

I understand that shortly there will be a bill introduced which would eliminate the tax exempt status of churches. Before you and your colleagues debate such a bill I would respectfully ask you to seriously consider the impact that this would have on the communities in Kansas.

These are undoubtedly tough economic times for so many families in our community. Our church understands this and has helped many people through our food pantry as well as offered assistance with rent, utilities, and other necessities. If we loose this tax exempt status, I fear that the resources that our congregation uses for these efforts will be diverted to pay taxes instead. The end result will be even more suffering for those who have been hit the hardest by this economic downturn.

I pray for all of you as you face tough decisions on how best to address the economic challenges that face Kansas and ask that God guides you in these discussions.

Sincerely,

James Bowman
503 Oakbrook Drive
Lansing, KS 66043

House Taxation
Date: 2-12-10
Attachment: 50

February 10, 2010

TO: Chairman Carlson of the Kansas House Taxation Committee and Honorable Members:

Please consider HB2549 that is before the Kansas House to repeal the sales tax exemption by churches and other religious organizations. If this tax exemption is repealed, it will seriously impact the ministry of the churches by taking money from budgets that is currently being used to meet needs of people both financially and spiritually. People who are "rescued" through the ministry of churches respond by giving back to the community rather than becoming recipients of state-run organizations. We appreciate the fact that we have a budget crisis in the state and your efforts to rectify this situation, but firmly believe (after much prayer) that repealing the tax exemption for churches is not the answer.

Thank you,

Shirley Kawaoka
200 Western
Leavenworth, KS 66048

House Taxation
Date: 2-12-10
Attachment: 51

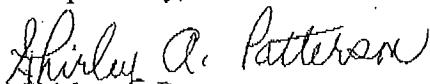
February 10, 2010

To: Chairman Carlson of the Kansas House Taxation Committee and honorable members:

I would like to express my opposition to the repeal of the sales tax exemption for Religious and Service Organizations as proposed in HB 2549 for the following reasons:

1. Groups wanting to reach out to citizens in their community needing assistance would have fewer funds to help with food, shelter, clothing.
2. Those aided by these groups, would eventually be turning to the state for aid which would increase the state budget.
3. Businesses hit with such a tax would pass the amount of taxation on to their customers. Increasing taxes would be a burden for our citizens.
4. We are aware of the need for better educating our children, our future leaders. How does increasing taxation on educational institutions increase the quality of education?
5. Who is going to determine the tax rate? How are these funds going to be used by our cities, counties and state?
6. Taxation of medical facilities and services would limit the care given to those who need treatment.

Respectfully,


Shirley A. Patterson
3118 Iowa St.
Leavenworth, KS
RN, MSN

House Taxation

Date: 2-12-10

Attachment: 52



American Baptist Churches of the Central Region

5633 S.W., 29th St., Suite A, Topeka, Kansas 66614-5500
Phone: 785-272-7622 Fax: 785-272-5860

February 12, 2010

To Chairman Carlson of the Kansas House Taxation Committee and honorable members

As you receive testimony with regard to House Bill No. 2549, I would urge you NOT to rescind the sales tax exemption now given to Kansas churches and religious not-for-profit organizations. I serve as the Executive Minister for the American Baptist Churches of the Central Region, an association of some 230 American Baptist congregations. We also have direct sponsorship of a not-for-profit community center in Kansas City, KS. Many of our churches are engaged in critical social ministries. A number of our churches operate food pantry and clothing ministries for homeless and low income people in the community. Some of our churches provide classes on personal financial management for families struggling with the stresses of an economic environment they are little prepared to manage. We have churches providing low cost day care; after school enrichment programs; senior services; shelter for homeless families and a number of other significant ministries that address the social and economic needs of some of our state's most desperate residents. Our community center in Kansas City provides food and health services for inner city poor. It provides meaningful programming for children, youth and senior adults. It works in helping refugees integrate into a foreign culture to become valuable and contributing members of the community.

All of this is to say that our churches and community ministries provide an incredible array of resources and help, at little or no cost, to those in our communities who need them most and can afford them least. Without the benefit of a sales tax exemption many of these ministries would cease to exist or at least be cut back to extremely low levels of impact. At a time when state budget shortfalls require a reduction in state-offered services to the poor and needy of our communities, it would be devastating to enact legislation that would undermine the efforts of the religious community in Kansas to tend to the needs of the poor as well.

I urge you, please do not undervalue the service given to the citizens of Kansas by the churches in our communities. Please do not allow the removal of sales tax exemption for churches and religious not-for-profit organizations. Please do not further burden the poor and needy of our society who will surely suffer if churches are no longer able to help in significant ways.

Thank you for your consideration of this testimony and request.

Sincerely,

Rev. John S. Williams,
Executive Minister,
American Baptist Churches of the Central Region

Growing Healthy Churches to Fulfill Christ's Mission

Rev. John S. Williams, Executive Minister
Cell Phone: 785/764-6881
Email: john.williams@abccr.org

House Taxation
Date: 2-12-10
Attachment: 53

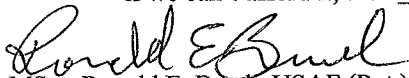
11 February 2010

Chairman Carlson Kansas House Taxation Committee and honorable members:

Dear Representatives,

I am writing you today and attending this hearing in opposition to the repeal of the sales tax exemption as stated in the pending HB2549. Although I am not opposed to the whole bill but just the parts that are related to religious and education organizations. I am opposed to removing the tax exempt status of the religious organizations as stated on page 4 subsection (q) lines 10-13 and Page 35 Subsection (aaa) Lines 1-43 and Page 36 Lines 1-10 of HB2549. I am also in opposition of removing the Parent Teacher Organization Tax Exempt Status on Page 34 Subsection (YY) Lines 31-33. I am also opposed to removing the sales tax exempt status to the State's Homeless Shelters on Page 40 subsection (ppp) Lines 27-33. I am opposed to raising our taxes because I believe that by doing so it takes the pressure off of the legislature to do the real True budgets cuts that are needed. I believe that if you remove the Sales Tax Exempt status for our Religious Organizations and Education Programs that are already barely making ends meet that they will suffer greatly. The Homeless Shelters do a great service to many people in need and will more than likely be burdened more in the future because of this economic chaos that will surely hit soon in this country. So to take away their sales tax exempt status will also cause a great burden on them. The Churches in this State will be harbors of safety and comfort in the coming years as the decline of our society reaches a boiling point and boils over. We need our Churches Sales Tax Exempt status to help in these already lean times as charitable giving has fallen off greatly. Family's are already struggling with increased Local Sales Taxes as well as Property, and Federal Taxes, and are having a tough time trying to keep a fairly normal lifestyle for their children. I have a common sense suggestion for looking elsewhere for proper tax cuts. Here are just a few items I have noticed in the last few days traveling down town at various times of the day and night. There are many more that could be found using common sense solutions and investigations.

1. The lights in the Docking Building at 900 SW Harrison are always on whether it's 8:00 PM, 11:00 PM, or 5:30 AM. Draft a bill to make it mandatory if nobody is working in that office or room, turn off the lights. "Think Green" That right there would be a substantial savings if applied to every state office building.
2. The state parking lot on SW Harrison has no fewer than 40 state vehicles parked there at any given time. I also noted a state licensed vehicle parked at the American Home Life Insurance Companies parking lot. The License Tag # is 01938 and it is a red Late model Chevy Cavalier. It costs \$35.00 per month to park in that lot and would like to know, Who is responsible for this vehicle and who is paying the parking fee? The State taxpayers? It has not moved for 2 weeks now. Obviously it is not being utilized to it fullest potential and to benefit Me the Tax payer to fund the cost of the purchase, and maintenance on it. How many other vehicles are parked somewhere around this State that we paid for. It makes sense to me and if you add up the vehicles just in the Harrison street parking lot it would add up to over Half a million!!! Suggestion: Draft a bill to sell all of the unnecessary vehicles and not to buy anymore except for maintenance vehicles. Make it mandatory for all personnel to drive their own vehicles on state business and take the federal standard mileage deduction on their taxes. Immense cost saving will result from this sacrifice.
3. The remodel of the Capital Building a project that started out at around \$80 Million has now been run up to near \$300 Million. You want to save money? Start by ending the remodel now! Have the contractors finish up with there current projects and do not spend another dime on this building until we can afford to. Yes it is nice to have a historically restored Capital building but if we can't afford it, then we can't afford it!!!


MSgt. Ronald E. Brush, USAF (Ret.)
Owner Starbreak Windshield Repair Topeka, Kansas

House Taxation
Date: 2-12-10
Attachment: 54

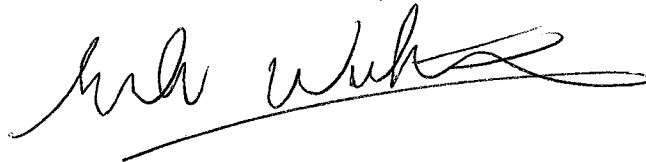
To Chairman Carlson of the Kansas House Taxation Committee and honorable members:

I would like to share with you why I oppose House Bill 2549. I am a leader in a Church in Olathe Kansas, Faith Journey Church of the Nazarene. We are actually located inside the Great Mall of the Great Plains. A lot of the outreach that we do for our community affects 10's of thousands of people each year. Many of these activities would be affected if this bill is passed.

Our ability to have our purchases made tax free allows us to do more for our community and it allows us to bless the community and enhance more lives. The Great Mall of the Great Plains has told our Church that we are a positive influence in our community and they like having us as a part of the Great Mall.

Please consider our Church and the people in the Olathe Great Mall area that would be affected if this bill is passed. We appreciate your consideration and hope that you will not pass this bill

Gabe Wickstrum



2-12-2010

House Taxation
Date: 2-12-10
Attachment: 55

Ronald G. Richey
2332 SE 22nd Terr.
Topeka, Ks 66605

House Taxation Committee

Ronald Richey

February 12, 2010

Written Testimony in Opposed of House Bill 2519

Representative Carlson, Chair and Members of the Committee;

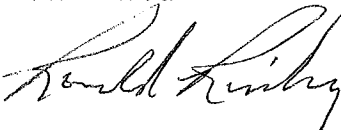
I, Ronald Richey, attend Northland Christian Church in Topeka. I am opposed to the sales tax on churches and other religious organizations.

Churches would need to invest in new programs to bring their computers up to date. Special individuals would need to be hired to keep track or the rules and regulations and track the sales taxes incurred by these activities.

I attend worship services including Sunday school and Wednesday Night Light Bite with Bible Study. Taxing these activities may make us short on funds for putting out the church bulletin for worship, materials for morning and evening classes for my grandchildren, and short funds for helping support missionaries like the Topeka Rescue Mission.

I attend other churches and their activities. I plan to attend a class on marriage at Topeka Bible Church and have attended the Men's Fellowship breakfast at the Highland Park Methodist Church. I attended a Funeral at Trinity Lutheran Church of Topeka.

Thank You



Ronald Richey

House Taxation
Date: 2-12-10
Attachment: 56

Navella M. Richey
2332 SE 22nd Terr.
Topeka, Ks 66605

House Taxation Committee

Navella Richey

February 12, 2010

Written Testimony in Opposed of House Bill 2519

Representative Carlson, Chair, and Members of the Committee:


I, Navella Richey, attend Northland Christian Church in Topeka. I am opposed to the sales tax on churches and other religious organizations.

Churches would need to invest in new programs to bring their computers up to date. Special individuals would need to be hired to keep track or the rules and regulations and track the sales taxes incurred by these activities.

I attend worship services including Sunday school and Wednesday Night Light Bite with Bible Study. Taxing these activities may create a shortage on funds for publishing the church bulletin for worship, materials for morning and evening classes for my grandchildren, and limit funds for helping support missionaries like the Topeka Rescue Mission.

I attend other churches and their activities. I plan to attend a class on marriage at Topeka Bible Church and have attended the Topeka Shepherd Center at the First Baptist Church.

Thank You,



Navella Richey

House Taxation
Date: 2-12-10
Attachment: 57

Kansas Nebraska Convention of Southern Baptists

5410 SW 7th Street
Topeka, Kansas 66606
Phone: 785-228-6800
E-Mail: tboyd@kncsb.org
Web: www.kncsb.org

To: Chairman Carlson, Kansas House Taxation Committee, and Honorable Members
Re: House Bill 2549

As Christians, we value the role of government in bringing stability to society and providing an atmosphere where we can freely worship and do the ministries that we have been called to do.

You may not be aware that most of the churches in Kansas carry on extensive ministries, which benefit our society in multiple ways. Let me allude to a few of those:

Disaster Relief—Southern Baptists in Kansas have carried on extensive relief work in the face of tornadoes, flooding, and other disasters over the past few years. We have an active feeding unit along with recovery units and support units such as portable shower units, which benefit both victims of disaster as well as those who volunteer to help.

Community Ministry—We provide clothing, food, monetary assistance, and a variety of other items, which help those who are down and out in our cities and rural areas. We work in conjunction with agencies like the Red Cross, Salvation Army, and various local community centers or missions.

Addiction Ministries—Many of our churches offer ministries, which deal with various addictions including alcohol, drugs, gambling, and pornography. All of these supplement services, which are offered by the government.

Family Ministries—Many of our churches provide valuable services to families. We provide marriage enrichment seminars to help maintain healthy marriages. We provide children's and youth camps to help our future generations to grow up healthy and well adjusted. We sponsor financial freedom seminars to help families deal with the effects of overwhelming debt. We participate in various community youth programs. Many churches provide after school programs for children whose parents are working when the children are released from school.

Webster Conference Center—Our denomination runs this center near Salina which hosts youth and children's camps. The Kansas State Wildlife Department has used this facility. Sunflower Bank and School Districts have used this facility as well. The center was also used as a feeding site during a disaster situation a few years ago and stands ready to assist even now. Other denominational groups operate camps and conference centers throughout Kansas, which provide similar services.

In short, Southern Baptist churches as well as other churches provide great value to our state. The elimination of the sales tax exemption will limit our ability to provide these ministries, which, in many cases, are directed to the poorest in society. We are also very family friendly in an era when family life is deteriorating.

We consider ourselves as valuable partners in bringing hope to the hopeless and strength to those who need strength. Please do not hurt our ability to help those around us. We urge you to maintain the sales tax exemption for religious groups.

Bob Mills, Executive Director of the Kansas Nebraska Convention of Southern Baptists.
Tim Boyd, Director of Communications of the Kansas Nebraska Convention of Southern Baptists

House Taxation
Date: 2-12-10
Attachment: 58



5045 PARALLEL PKWY KC, KS 66104

PRAISE CHAPEL CHRISTIAN FELLOWSHIP

OFFICE 913.596.0006 FAX 913.596.0169

February 12, 2010

Chairman Richard Carlson
Kansas House Taxation Committee and Honorable Members

RE: House Bill No. 2549

Gentlemen:

As a Senior Pastor may I say unequivocally, the role of government is highly valued and necessary to bring stability to our society. Working together with the local churches, we are in a position to effect change in our local communities, as well as national and international levels of our world.

We offer, for your consideration, the following to fervently request that the local church continue to maintain the sales tax exemption for religious groups.

Praise Chapel has contributed to various community outreach programs, some of which we have initiated and some we have partnered with monetarily. These programs include food distribution, prison outreach, street outreach, family counseling, marital counseling, teen counseling, youth outreach, all-community outreach, men's rehabilitation home, senior citizen enrichment, Thanksgiving and Christmas baskets, community service through our Local County and internships for young adults seeking employment experience. We also partner on a monthly basis internationally to help provide food and shelter.

Our vision is and has been since the inception to help those that no one else wants. Our mission is to see those that are hurting, lost, and struggling find a way to make a difference and change in their life. Please do not limit our ability to continue to meet the demands of those who are in desperate need. Thank you for your consideration of this request.

For His Kingdom Work,

Kelly Lohrke
Senior Pastor
Praise Chapel Christian Fellowship
Kansas City, KS

www.praisechapelkc.com

House Taxation
Date: 2-12-10
Attachment: 59



CROSS POINTS
CHURCH

Don Lewis
Senior Pastor

Nick Adams
Youth Pastor

Doug Fry
Associate Pastor

David Jones
Missions Pastor

Devin Kroner
Children's Pastor

John Keir
Worship Pastor

February 11, 2010

Chairman Richard Carlson
Kansas House Taxation Committee and Honorable
Members

RE: House Bill 2549

Dear Sirs:

It has come to our attention that a bill is under consideration which would eliminate the sales tax exemption currently enjoyed by churches and non-profits in the state of Kansas.

We urge you to reconsider this action. As businesses are impacted by the current economic environment, so also are churches and non-profits. When a family's income decreases due to job loss or cutback, their giving of charitable donations also decreases or ceases altogether. Removing the sales tax exemption would greatly impact our already-stretched budget.

We believe the positive influence that a church brings to a community more than makes up for the lost revenues through tax exemption.

We appreciate your time and ask that you carefully consider the impact this decision could have on all the non-profit organizations in Kansas.

Sincerely,



Donald R. Lewis
Senior Pastor

Caring Relationships ▼ Healthy Families ▼ Serving Communities

6824 Lackman Road ▼ Shawnee, Kansas 66217

Office 913.631.1100 ▼ Fax 913.631.9052 ▼ www.crosspointschurch.com

House Taxation

Date: 2-12-10

Attachment: 60



258 Park Road • Garnett, Kansas 66032

785-448-3208

www.garnettnazarene.org

"To Know, Grow In, & Share Christ"

**Phil
Rhoades**

Senior Pastor
15 Links Drive
Garnett, KS 66032
785-448-5758
prhoades@garnettnazarene.org

February 11, 2010

To Chairman Carlson of the Kansas House Taxation Committee and honorable members,

We are deeply appreciative of the reality that we have been allowed to be exempt from the taxes that others have been asked to participate in.

It has allowed several churches to stay open, because they could not pay the ordinary tax obligations and keep their doors open. For the larger churches, it has allowed them to build and hire staff that would ordinarily never have occurred had they had the regular tax regulations placed upon them.

We understand these are difficult days. Many churches are struggling to maintain their ministry to their communities because of the lack of funds given to them by their faithful attenders. Many have lost their jobs, had their hours cut back, and some have closed their businesses. All of this, you are already aware of because of the high responsibility you carry as publically elected officials.

We simply ask you to continue the mandate given to all of us in Ezra 7:24.

We also inform you that it is not allowed to impose tax, tribute a toll on any of the priests, Levites, singers, door-keepers, Nethinim or servants of this house of God.

We strongly believe that God will honor those who honor Him.

Thank you for the opportunity to represent our people in this important matter.

In His Service,

Rev. Phil Rhoades

**Stacie
Gulley**

Children's Pastor
608 12th Street
Osawatomie, KS 66064
913-294-9336
staciereneegulley@yahoo.com

**Rhonda
Rhoades**

Worship Coordinator
15 Links Drive
Garnett, KS 66032
785-448-5758
rrhoades@garnettnazarene.org

Luke 19:10

"For the Son of Man came to seek and to save what was lost."

House Taxation

Date: 2-12-10

Attachment: 61

To Chairman Carlson of the Kansas House Taxation Committee and honorable member:

This letter is in respond to the legislation currently making its way through the Kansas House: Bill # 2549. In reference to the section of the bill that affects the tax exemption status of Churches I am opposed. It is my personal belief that the money given to the church through tithes, as stated in the Bible, and in the form of offerings made for the many other purposes is essentially collected to be used for the purpose of the earthly work of God and the state has no place to tax said moneys.

The things that this money is used for are essentially for the purpose of bringing people to a relationship with Christ and through His grace conforming them to His image and ultimately making them better people. These efforts, through the will of God, make better, more responsible citizens in the state of Kansas and ultimately make your jobs easier. To place a tax on these moneys would only hamper the efforts of the local churches to continue these programs and could even possibly lead to the elimination of some of them.

I know for a fact that the youth ministry program we run at our church, which is fully funded by tithes and offerings of the congregation and also through fundraisers, makes a noticeable difference in creating more educated and distinguished members of our community through the spiritual guidance and moral support they receive at our church services and functions. These funds also help make it possible for our youth group to take part in missions work and service projects in our community that help those less fortunate and in need.

I think it is obvious to say that the current recession is affecting every aspect of our American culture including the state budget and the churches. Our local church, along with other local churches, is very close stewards of the funds that we are given to do the earthly work of God and yet we are still barely making budget each month. To tax these funds would only make the positive influence the local church has on our communities more difficult if not possible at all. Thank you for your time and consideration of the opinion of your constituents.

Most respectfully

William Lee II

NYI President – Victory Hill Church of the Nazarene

6200 Parallel Pkwy.

Kansas City, KS

House Taxation
Date: 2-12-10
Attachment: 62



Kansas City Kansas Baptist Association

Serving Southern Baptist Churches

TO: Chairman Carlson of the Kansas House Taxation Committee and
honorable members

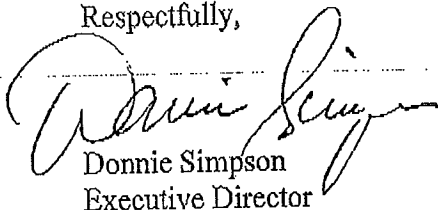
RE: Bill # HB2549

FROM: Donnie Simpson
8745 Ballentine, Suite A
Overland Park, Kansas 66214

As Executive Director of the Kansas City Kansas Baptist Association, I have the privilege of serving with 56 Southern Baptist Churches and 14,000 members in five Kansas counties. I see the tremendous benefit to our communities of the numerous benevolent ministries that our churches perform such as food distribution to the needy, rent /utilities assistance, providing shelter for the homeless, after school reading programs for children, clothing distribution for the down and out, and teaching English as a Second Language to our diverse communities, etc. Every dollar is critical to the operational budget of these ministries and the Kansas people they assist.

Therefore, I am opposed to the portion of HB2549 that repeals the sales tax exemption for religious organizations. I am writing you respectfully asking that you do not repeal the sales tax exemption for religious organizations.

Respectfully,



Donnie Simpson
Executive Director

Donnie Simpson, Executive Director
donnies@kcbaptist.org

8745 Ballentine, Suite A
Overland Park, Kansas 66214-1978
Phone: 913.599.4455
Fax: 913.599.3470
www.kckba.org

House Taxation

Date: 2-12-10

Attachment: 63

February 9, 2010

To: Chairman Carlson of the House Taxation Committee and honorable members

RE: Bill number 2549 (section relating to the repealing of the sales tax exemption for churches and other religious organizations)

I would like to share with you how the repealing of the sales tax exemption for churches and other religious organizations would greatly affect the impact of these organizations to help the "common" person on the street. Several years ago I went through a divorce and it had a tremendous impact not only on me, but my two sons. Without the help of programs like Divorce Care, Teen Care, and Successful Single Parenting (provided by my local church) I am not sure my family would have survived. Because of these types of programs (offered free by the church) I believe that my family was able to make it through this struggle and not become a burden on the state. We did not need to seek state nor federal subsidies to survive. Even though I was not employed at the time of my divorce, I was able to find a job and several years down the road found an even better job through the help and support of my local church.

If the exemption is repealed, our churches and non-profit entities will not have the additional funds to help others like myself. That burden will then fall to the state and I believe create even more burden on the state's current financial situation.

Please look at the future possible consequences of repealing this exemption. Non-profits will not be able to continue to help and support people in need. That burden will then fall to the state.

Peggy L. Davis
2532 SW Fairmont Road
Topeka, KS 66614
Member of Covenant Baptist Church
Topeka, Kansas

House Taxation
Date: 2-12-10
Attachment: 64

February 11, 2010

RE: HB2549

TO: Chairman Carlson of the Kansas House Taxation Committee and honorable members

I serve as the pastor of a small church in Salina, Kansas and I'm writing to express my concern regarding the provision of House Bill 2549 which would rescind the state sales tax exemption provided to religious organizations like ours. While I understand the serious need to generate revenue to meet the needs of our state, I'm concerned that this provision would cause serious harm to many of the services provided by religious organizations which will increase the demands placed on the state agencies which provide similar services, without generating enough additional funding to significantly impact the state budget shortfall.

If this provision of HB2549 had been in place during fiscal year 2009, our church would have been required to pay approximately \$3,300 in state taxes. That would have required a corresponding reduction in the funding of ministry efforts we are engaged in and would likely have resulted in the elimination of our Food Pantry ministry, which consumed \$2,880 of our budget. We would also have been forced to reduce the amount we contribute each year to the Salina Rescue Mission and the local Emergency Aid Food Bank. The end result would have been that multiple families and individuals would have been forced to find food elsewhere, but the resources for other helping agencies (like the Food Bank) would be trying to provide services with resources that have been reduced because the ministry dollars formerly sent to them are now being sent to the state of Kansas to pay sales tax. While the Salina Rescue Mission does not use state funds, homeless men would likely be denied services because local churches (which comprise a significant source of funding for the Mission) were spending money to meet tax obligations rather than Mission support. Those homeless men and hungry families will almost certainly seek aid from state funded agencies, so it seems to me that removing the state sales tax exemption from religious organizations really is a case of "robbing Peter to pay Paul".

If the figures I've seen quoted in the media are accurate, the tax revenue generated by the repeal of the religious sales tax exemption would have minimal impact on the total deficit. The recommendation provided by the KACIR estimated that the repeal of the religious sales tax exemption would generate \$18.59 million in FY2011 (found in the KCIR recommendation.pdf on the ksrevenue website). In Governor Parkinson's State of the State address, he described a budget shortfall of \$400 million. Therefore, the recommended repeal of the sales tax exemption for religious organizations would generate less than 5% of the revenue required to balance the budget, but I suspect it will place a more than 5% increased demand on state services as ministries are eliminated or curtailed as ministry dollars are reallocated to satisfy tax obligations.

I don't envy your and the other legislators' task of trying to adequately fund our state services, but I don't see any real solution in limiting ministry services with a resultant increase in the demand on state services.

Thank you for your time and thank you especially for your willingness to serve our great state!

Respectfully,

Kirk H. Stricker

Pastor Kirk H. Stricker
Bel Air Baptist Church
Salina, KS 67401

House Taxation

Date: 2-12-10

Attachment: 65

To: Chairman Carlson of the Kansas House Taxation Committee,

Dear Mr. Carlson,

It has been brought to my attention that there is a bill (House Bill No. 2549) that is trying to repeal the exemption for tax free status for churches in Kansas. I am so disappointed to hear this. At a time when there is so much strife in our country with our men and women serving valiantly at war, budget woes, schools having funding cut; I think that this is a time that the churches can REALLY help out. But, if we have to start paying taxes on everything that comes in that makes the outreach work that we do possible, then that outreach will be severely curtailed if not eliminated in some situations.

God has given us the responsibility to reach out to our fellow citizens in our own communities, around our state, our nation and our country. That is how we use our money that we raise in our small church. I have been active in Lebo Baptist Church for many years serving as Sunday School Director, Sunday School Teacher, Deacon, Bible School Director and teacher, and have been a member of two Pastoral Search committees. I have seen the need first hand for outreach and never more than in the past year. In 2008, our church filled and handed out eight boxes of food to needy families right here in our own community. In 2009, that number escalated to twenty-six! The economy, as I know all of you are aware, has hit the small communities very hard, as it has everywhere. As a church we have started a food pantry also in the past year for anyone in our local zip code that feels the need for assistance. In our first mission offering of the year, we gathered an offering of approximately \$350.00 for World Mission Offering. Last year, for all of the four yearly mission offerings, we sadly collected only \$9.

We have been urging our fellow church members to look beyond themselves and consider others less fortunate. They have responded in a very heartfelt way. If we have to begin paying taxes on these contributions and others, then our work will be severely limited at the best. I urge you and the committee to remove the part of the Bill No. 2549 that would repeal tax protection for churches and nonprofit groups. I will be praying for all of you that God will show you the direction to take on this important issue. May God continue to bless each and everyone of you. In Christ's love, Leanna Thomas, Lebo Baptist Church,

Leanna Thomas Phone:(620) 256-6067 email: leannalovesterry@live.com
122 E. Dickinson St.
Lebo, KS 66856

Lebo Baptist Church
420 N. Maple
Lebo, KS 66856

House Taxation
Date: 2-12-10
Attachment: 66



blue valley
BAPTIST CHURCH

February 10, 2010

To Chairman Carlson of the Kansas House Taxation Committee and honorable members:

I am writing on behalf of the staff and membership of Blue Valley Baptist Church, of Overland Park, Kansas, to officially oppose the portion of HB 2549 which would repeal the sales tax exemption for churches and other religious organizations if passed. The ministry of our church to the local community and state would be severely hindered.

Our church currently impacts our local community through our partnerships with, and support of, organizations such as Harvesters Community Food Network, Newhouse Shelter, Safe Home Shelter, Lighthouse Maternity Home, Advice and Aid Pregnancy Center, Southern Baptist Ministries, FBC Stillwell Food Pantry, Rose Brooks Center, Mission Adelante, City Union Mission, Kids in Service projects with City Union Mission, and Hope House. We also have established benevolence funds which have helped save people's houses from foreclosure, paid utilities, and assisted with other critical financial needs that have been caused by our country's financial crisis.

In 2009, our church spent over \$275,000.00 for human needs and other benevolence causes outside the walls of our church. If we were put into a position that we had to pay sales tax on all our purchases, we would have to make severe cuts in our budget, which will mean we would be cutting what we are able to put back into our community and into Kansas causes.

Please consider how passing this portion of HB 2549 would negatively impact families across the state of Kansas. I look forward to hearing how you removed this portion from the bill.

Sincerely,

David L. Neely
Pastor of Administration & Outreach



blue valley

8925 W 151st Street
Overland Park, KS 66221
(913) 897-9669
bluevalleybaptist.org

House Taxation
Date: 2-12-10
Attachment: 67

follow Jesus
REVEREND DR. JAMES H. HAYES, JR.

February 10, 2010

To Chairman Carlson of the Kansas House Committee and honorable members:

We understand that all levels of government are looking for new revenue sources and trying to control budgetary expenses in these difficult economic times; however, it has come to our attention that House Bill 2549 contains a provision that removes the long-established sales tax exemption for church-related purchases.

Churches and other non-profits have already been doubly affected by these lean economic times, both in terms of reduced giving and increased needs. If enacted, such a law would further tax budgets already stretched to the breaking point by the current economic malaise.

Even more importantly, our country and state has a long and well-established history of allowing churches and charities to operate without the burden of such taxation. We respectfully request your committee to eliminate this provision from the proposed bill.

With highest regards,

The Grace Community Church Board of Directors:

Joel Atwell
Pastor and Board Chair

Doug Atteberry
Associate Pastor

Adam Johnson
Pastor of Worship Arts

Robert Cossins
Board Director

Glenn Sherman
Board Member

Brian Nagel
Board Member

Barry Jackson
Board Member

Leta Churchill
Board Member

Paul Slyter
Board Member

the vision...
together becoming
and inviting others to become
authentic followers of Christ.

House Taxation
Date: 2-12-10
Attachment: 68

To: Chairman Carlson of the Kansas House Taxation Committee and honorable members

Re: HB2549

Dear Chairman Carlson and committee members,

I am writing to express my opposition to the portion of HB 2549 that would remove the sales tax exemption from religious organizations.

For centuries, Americans have recognized that religious organizations promote a quality of life that cannot be engendered by any other organization. Religious organizations help build stable marriages and grow strong families. They promote public civility and moral clarity. They teach a work ethic, charity, compassion, mercy, honesty, kindness, peace and love. They minister to the poor and homeless. Governmental entities are unable and unequipped to inculcate these moral values and character qualities in our citizenry. They are unable to motivate our citizenry to good deeds. Only religious organizations have been successful in such inculcation and motivation.

Historically, our government has possessed the wisdom to recognize the immeasurable value of religious institutions to our society. Recognizing such, tax policies and laws beginning with the Bill of Rights all the way to today's tax exemptions exist to propagate and promote the fiscal health of these organizations. This has helped these organizations freely operate and grow which has resulted in a quality of life that has helped us become second to none.

Sadly, in recent years this wisdom is being replaced by a belief that government can meet all of our needs. It cannot. Men and women have spiritual needs that can only be met by spiritual organizations. Government can no more replace religious organizations than religious organizations can replace government.

Repealing this exemption will restrict these organizations in their ability to inculcate these values and to motivate people to good deeds. Many of these organizations, especially outstate are small. Their budgets are very tight. Not only will some be severely restricted, others may have to close their doors.

Further, the power to tax is the power to control. Removing the sales tax exemption starts a slippery slope starts the process of government's authority to restrict and eventually control religious institutions. This has happened repeatedly throughout human history. America has been great in part because the church has not been restricted by government.

Repealing this exemption is a move that will not benefit the government nor the people the government is supposed to serve. Kansas Lottery tickets are exempt from sales tax. That would be a much more appropriate place to start.

Thank you for your consideration.

Mike Bronson
496 13th Ter
Tonganoxie, KS 66086
(913) 439-9184

House Taxation
Date: 2-12-10
Attachment: 69



church
of the

Harvest

RealChurch RealPeople

February 12, 2010

RE: House Bill 2549

Dear Chairman Richard Carlson, Kansas House Taxation Committee and Honorable Members,

Thank you all for your service to our great state of Kansas. You carry enormous responsibility and are in our prayers always.

The purpose of this letter is to encourage you to not pass House Bill 2549 which removes the sales tax exemption for churches and non-profit organizations.

As you know these are difficult economic times that have hit every area of our society and it is in these times that churches and communities of faith arise and shine by caring for humanitarian, economic, social and spiritual needs. Many churches, like ours, have experienced a downturn as a result of these difficult times and yet we are reaching out more with less.

The repeal of the sales tax exemption, for most churches, will weaken their effectiveness to serve their communities by an additional 6 – 9% which in many cases will be devastating not only to their service in the community but also to their very existence.

I beg you in the strongest terms to keep the sales tax exemption in place and help preserve our communities by preserving their houses of worship.

Thank you for your thoughtful consideration.

Sincerely,

David A. Frech
Senior Pastor
Church of the Harvest

House Taxation

Date: 2-12-10

Attachment: 70

February 10, 2010

To Chairman Carlson of the Kansas House Taxation Committee and honorable members:

We are writing this letter in reference to House Bill No. 2549. We are not opposed to the entire bill, but we are in opposition to the repeal of the tax exemption for churches and other non-profits. We believe that this would be counterproductive and not in the best interest of the citizens of Kansas.

The repeal of this tax exemption would greatly reduce the ability of the churches, as well as other non-profits, to serve the citizenry of our community. The Church provides services not only to its members, but to others in the community with need for food, shelter and clothing. Churches and other organizations that provide these services use funds from the contributions of its members. If our church and others are required to pay sales tax on our expenditures, the repeal of the tax exemption will greatly reduce the funding available to provide these basic needs. Those in need will then have to look to government agencies for the support which in turn puts a greater burden on the state and your finances to help these persons. It would cost the state more to provide these services than it would churches and other non-profits which already have the structure in place to help these persons.

Churches have always been a cornerstone for the stability of our communities. Churches, just as the government, are struggling in these times to make ends meet. Further reducing the funds available to churches could in the long term jeopardize a churches very existence. Churches, regardless of denomination or basic beliefs, provide much needed stability to the citizens of any given community. Even if a church survives this added burden, the "better good of the community" will suffer.

We urge you to consider removing the portion of this bill which would repeal the tax exemption for churches and other non-profits in order to insure the long-term stability of the churches and non-profits in our state.

Thank you for your consideration of this request.

First Baptist Church
340 N. 13th
Leavenworth, Ks 66048
913-682-4426
fbcleavenworth@sbcglobal.net
www.fbcleavenworth.org

House Taxation
Date: 2-12-10
Attachment: 71

"To Chairman Carlson of the Kansas House Taxation Committee and honorable members"

I am sending this message to let you and other representatives know that I am most definitely against passing bill (#HB2549). The sales tax exemption for our churches should not be repealed. God should not be taxed and our churches do a lot of good in our state. Such a tax could hinder some of our churches in being able to do the many good things they do.

Gary Beckner
A disciple of Jesus Christ

House Taxation
Date: 9-12-10
Attachment: 72

Churches and para-church organizations, Stress good citizenship in our cities, states and country, Stand for good living, Stand for morality, Teach and stress being good neighbors, helping people in need, Provide compassionate ministries, Support food pantries, Support rescue missions, Support prison ministries enabling many to fit in and lead good productive lives when released, Support services for unwed mothers, Provide counseling services for people in need, Visit the sick, Visit the elderly, Have classes and seminars on marriage and promote good homes, Have classes and camps for youth and teens promoting good living and good citizenship.

Have "mother's day out" child care for homebound mothers, Sponsor ESL classes for aliens so they can blend in and make better citizens, Provide good books and courses on caring for the needy, and people with special needs, Provide vacation Bible schools and summer camps for children and youth that provide the participants the opportunity to make new friends with others from various cultures, backgrounds and social statuses thus helping to alleviate bigotry and racism and encouraging the children and youth to get along and work together in harmony, Provide scouting type programs that stress good citizenship, good character, honesty, harmony in the home, teaching skills and familiarizing participants with various crafts and trades, Stress helping people around the world in times of crisis and catastrophe and providing the vehicle and program with which to help, Provide programs to help underprivileged children in other countries with necessities and education.

Provide programs to help the hungry, to provide medical supplies and equipment, provide Medical doctors and nurses and build hospitals to minister to the needs of underprivileged people, Provide facilities to minister to the needs of AIDS/HIV victims and support programs for the families affected by AIDS/HIV, Provide orphanages in other lands for the homeless children, Provide training in self care and hygiene and crafts and trades for youth so they can lead productive lives and be good citizens, Bring some young people with potential to the USA for an education so they can go back to their countries and be good leaders, Have programs whereby people from local churches volunteer to go around the world using their skills to build buildings, provide sanitation systems, and provide systems to produce clean pure water thus cutting down on disease caused by dirty water, People in churches in our state are working every week to alleviate pain and suffering locally and around the world.

I would say that there are few organizations that provide the services locally and around the world that churches and church organizations provide as economically and efficiently as the church does. I realize that when setting budgets, allocating resources and generating those resources it is easy to cut many thousands of dollars from many areas without considering the devastation caused for many lives by those cuts. It would be a great travesty to take resources from churches thus curtailing much help and services provided to needy and destitute people, and that is a lot of what government is supposed to be all about. To protect the constituency and provide relief and help for those who can't help themselves.

There is an old saying, "Give a man a fish and he will not be hungry today, teach him to fish and he will never be hungry." Talking about a problem and throwing money at it does not take care of it and it never has, this has been tried too many times. Government, large corporations and wealthy people often throw large sums of money at a problem, but without dedicated upright moral people at the grassroots giving their lives and moving to where the problem is and pouring out their lives to help the trampled, destitute, needy and neglected people, nothing really happens. Much of the resources get lost in the system without dedicated people giving their lives to help others in need. And that is where churches and para-church organizations come in to play.

Our churches work around the world, in our country and in our state of Kansas stressing and teaching people to have good solid homes, be good citizens, respect others even though they are different from us. Personal lives and homes are the building blocks to all that is good and all that we desire in a nation. Good solid lives, good solid homes produce good solid communities, states, and countries. Other states and other countries have a great effect on us in Kansas.

The less we do, the more it affects us. The less resources that we are left with; the less we can do, and it affects us all. All these things are hidden from the budgets and balance sheets but they are there and they are very real and they affect all Kansans.

Please give due and diligent consideration to not repealing the tax exemption status for churches.

Sincerely, with the best interests of Kansas at heart;

Cecil Moon, a Kansas resident since 1966 after serving my country at home and abroad for eight years.

House Taxation

Date: 2-12-10

Attachment: 73