

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on January 31, 2001 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor  
Winnie Crapson, Secretary

Conferees appearing before the committee:

Representative Johnson  
Ron Appletoft, Water District #1 Johnson County  
Gary Hanson, Kansas Rural Water Association  
Leslie Kaufman, Kansas Farm Bureau  
Joe Lieber, Kansas Co-op Council  
Don Seifert, City of Olathe  
Mike Taylor, City of Wichita  
Doug Wareham, Kansas Grain & Feed Association

Others attending: See attached list.

The Chairman opened the meeting by asking for bill introductions.

By unanimous consent bill will be introduced for credit of payment of business fees to small business association in maximum amount of \$25,000 as requested by Representative Edmonds.

**HB 2295** - Income tax credit for small business loan fees]

By unanimous consent bill will be introduced providing tax exemption for coin-operated businesses as requested by Representative Howell. [HB 2293 - Sales tax exemption for coin- operated vehicle washing services]

**Hearing was opened on:**

**HB 2065 - Sales tax exemption for grain storage facilities**

Representative Johnson presented testimony (Attachment #1) in support of **HB 2065** and requested the exemption be made permanent or extended to July 1, 2002.

Doug Wareham presented testimony on behalf of the Kansas Grain and Feed Association (Attachment #2) providing statistics on commercial grain storage in Kansas, production figures for the five major crops, grain carryover stocks, grain storage shortfall, requests for emergency grain storage, property tax revenue created by new commercial grain storage construction, and grain storage construction during calendar years 1999 and 2000.

Mr. Wareham proposed a balloon amendment which would make the exemption for grain storage facilities permanent (Attachment #3).

Joe L. Lieber presented testimony in support of the bill on behalf of the Kansas Cooperative Council (Attachment #4).

Leslie Kaufman presented testimony in support of the bill on behalf of the Kansas Farm Bureau (Attachment #5) and requesting that the committee consider amending the bill to include grain handling and cleaning equipment.

Mike Beam presented testimony in support of the bill on behalf of the Kansas Livestock Association and in support of making the exemption permanent (Attachment #6). He noted that while the KLA did not actively support this exemption when it was first considered in 1999, based upon experience of members KLA whole heartedly supports **HB 2065**.

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CONTINUATION SHEET

No witnesses appeared in opposition to **HB 2065**.

**Hearing on HB 2065 was closed.**

**Hearing was opened on**

**HB 2006 - Sales tax exemption for water district purchases.**

Fiscal Note on HB 2006 was distributed (Attachment #7), together with Memorandum from Christ Courtwright, Principal Analyst with updated information (Attachment #8).

Mike Taylor presented testimony in support of the bill on behalf of the City of Wichita (Attachment 9).

Ron Appletoft presented testimony in support of the bill on behalf of Water District No. 1 of Johnson County urging support of full exempting publicly owned water utilities from sales tax. (Attachment #10).

Donald R. Seifert presented testimony in support of the bill on behalf of the City of Olathe (Attachment #11) urging that the Committee agree with all prior studies of this issue and find a sales tax exemption for public water supplies appropriate.

Gary H. Hanson presented testimony in support of the bill on behalf of the Kansas Rural Water Association (Attachment #12). He noted that the application of sales tax by public water systems is probably the greatest administrative burden these utilities face and he knows of no small business that has to deal with a more complex set of rules than a rural water district does.

No one appeared in opposition to **HB 2006**.

**Hearing on HB 2006 was closed.**

**Chairman Edmonds opened discussion on HB 2065 - Sales tax exemption for grain storage facilities, and called attention to the revised Fiscal Note concerning effective date.**

**Representative Gatewood moved conceptual amendment to make sure that the on-farm grain handling equipment is included. Representative Larkin seconded the motion. The motion carried.**

**Representative Larkin moved amendment adopt language which would make exemption in HB 2065 permanent. Representative Mays seconded the motion. The motion carried.**

**Representative T. Powell moved that HB 2065 be reported favorable for passage as amended. Representative Howell seconded the motion. The motion carried.**

The meeting adjourned at 10:05 a.m. The next scheduled meeting is February 1.

