

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on February 19, 2003 in Room 519-S of the Capitol.

All members were present except: Representative Kirk
Representative Sawyer

Committee staff present: Chris Courtwright, Legislative Research Department
Gordon Self, Office of the Revisor
Carol Doel, Committee Secretary

Conferees appearing before the committee: Marlee Carpenter, Kansas Chamber of Commerce
Industry
David Springe, Citizen's Utilities Rate Board
Tom Palace, Petroleum Marketers and Convenience
Store Association of Kansas
Justin Holstin, Propane Marketers
Leslie Kaufman, Kansas Farm Bureau

Others attending: See attached list

Chairman Edmonds recognized Representative Larkin who wished to introduce a bill from the county treasurer. They are looking for some type of solution to be able to enforce the people who drive out-of-state tags in Kansas. They are looking at redistribution of the formula for the fines that would allow counties the keep a portion of the money.

Hearing no objections, Chairman Edmonds accepted the bill for introduction.

Chairman Edmonds called attention to the fiscal note on **HB 2110** in the amount of \$254,744,000. He then opened the floor for hearing on that bill with the introduction of Marlee Carpenter, KCCI (Kansas Chamber of Commerce and Industry). Ms. Carpenter's testified in opposition to **HB 2110** stating that it was the feeling of KCCI that in order to keep Kansas competitive, the cost of doing business in the state cannot be increased. Her organization supports the preservation of a balanced, stable and competitive tax structure. They also suggest the legislature enact the streamlined sales tax project. (Attachment 1)

David Springe, Consumer Counsel for CURB (Citizen's Utility Ratepayer Board), appeared before the committee in opposition to **HB 2110**. It is their opinion that utility rates are already high for many consumers, and repealing the sales tax exemption for utility service will make it more difficult for Kansas consumers to maintain the water, heat and electricity they depend on every day. (Attachment 2)

Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA), Tom Palace was next to testify in opposition to **HB 2110**. PCMA said they are aware of the need to find revenue to fund the budget deficit, however, the Kansas motoring consumer is paying their fare share of the tax load to keep the highways in superior condition, and the addition of another tax on a tax would be excessive and

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unwarranted. ([Attachment 3](#)) Mr. Palace also provided a chart showing the current motor fuel taxes in Kansas compared to the surrounding states. ([Attachment 4](#))

Testifying in opposition to **HB 2110**, was Tom Whitaker, Executive Director of the Kansas Motor Carriers Association. By removing the current sales tax exemption, on a \$1.699 gallon of diesel fuel, the tax on fuel would increase by approximately 12.2 cents per gallon. National fuel prices are on the rise because of the oil strike in Venezuela and the troubles in Iraq. It is the feeling of their organization that now is not the time for the State of Kansas to eliminate the sales tax exemption. ([Attachment 5](#))

The Propane Marketers Association of Kansas (PMAK) was represented by Justin Holstin who testified in opposition to **HB 2110**. In his testimony, Mr. Holstin voiced the opinion that repeal of the sales exemption on fuel would affect the agricultural area which mostly uses propane for heating their homes, dairy barns, fuel for crop dryers and other agriculture related equipment. Due to the drought and other harsh agricultural conditions many rural and agricultural users of propane are already facing hard times, therefore, they are requesting the sales tax exemptions be continued. ([Attachment 6](#))

Leslie Kaufman, State Director, KFB (Kansas Farm Bureau) Governmental Regulations was next to appear before the committee in opposition to **HB 2110**. It the opinion of the KFB, the removal of sales tax exemptions would result in increased costs of production to farmers and ranchers who are not able to pass on those costs, but must absorb them. ([Attachment 7](#))

Hearing no one else wishing to testify in opposition to **HB 2110**, Chairman Edmonds closed the hearing.

Chairman Edmonds called to the attention of the committee written testimony from Kansas Grain and Feed Association ([Attachment 8](#)); Tim Rush, Director, Regulatory Affairs, Kansas City Power & Light Company ([Attachment 9](#)); from Ken Peterson, Executive Director of the Kansas Petroleum Council ([Attachment 10](#)).

Also submitted for review by the committee and provided by Chris Courtwright, Legislative Research Department, was a document entitled *Kansas Taxes Hit Poor & Middle Class Much Harder than the Wealthy* from the Institute on Taxation and Economic Policy, Washington, D.C. This was in answer to a request by Representative Kirk. ([Attachment 11](#))

With no further business before the committee, Chairman Edmonds adjourned the meeting at 10:08 a.m.