

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on February 6, 2003 in Room 526-S of the Capitol.

All members were present except:

Representative Paul Davis
Representative Vaughn Flora
Representative Ruby Gilbert

Committee staff present:

Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Gordon Self, Office of the Revisor
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Marlee Carpenter, Kansas Chamber of Commerce
Leslie Kaufman, Kansas Farm Bureau
Bob Krehbiel, Kansas Independent Oil & Gas Assn.
Gary Reser, Kansas Veterinary Medical Association
Todd Johnson, Kansas Livestock
Denise Washburn, Hills Pet Products
Christy Caldwell, Greater Topeka Chamber of
Commerce
Gary Hanson, Rural Water Association
Dennis Schwartz, Rural Water Dist #8 Shawnee Cty.
Ed Carpenter, PTMW, Inc.
Francis Kelsey, Farmer
Greg Krissek, Kansas Corn Growers
Ron Appletoft, Water Dist. #1 Johnson County
Chris Wilson, Kansas Dairy Assn.
Doug Wareham, Kansas Feed & Grain
Jack Glaves, Exline, Inc.

Others attending:

See attached sheet

Chairman Edmonds opened the meeting for introduction of bills. Representative Owens responded with a request for introduction of a bill which deals with tipping fees, a payment made by waste management companies and paid to local government entities.

With no objections the bill will be accepted for introduction.

Hearing no additional bill introductions, Chairman Edmonds closed the meeting for the introduction of bills and opened the meeting for hearing on **HB-2099**. Hearing no proponents for **HB-2099**, Chairman Edmonds recognized Marlee Carpenter, KCCI (Kansas Chamber of Commerce and Industry as an opponent. Ms. Carpenter testified that it is the feeling of KCCI that in order to keep Kansas competitive, the cost of business cannot be increased and opposes the blanket repeal of sales tax exemptions. (Attachment 1)

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on February 6, 2003 in Room 519-S of the Capitol.

Testimony in opposition of **HB 2099** was presented by Leslie Kaufman, State Director of Kansas Farm Bureau Public Policy Division. Ms. Kaufman expressed the opinion that in these difficult economic times for the Kansas economy, as well as for individuals, the legislature must ensure that our state's tax policy will encourage, not discourage, the economic rebound we so desperately need. ([Attachment 2](#))

Executive Vice-President of Kansas Independent Oil & Gas Association, Mr. Robert Krehbiel, was next to appear with testimony in opposition to **HB 2099**. Mr. Krehbiel's testimony covered many issues from basic knowledge of the gas and oil industry through tax policy decisions. It is the feeling of the industry that the **HB 2099** is bad for Kansas and America ([Attachment 3](#))

Representing the Kansas Veterinary Medical Association in opposition to **HB 2099**, was Gary Reser, executive vice president of the association. The KVMA (Kansas Veterinary Medical Association) expressed the opinion that **HB 2099** is not good for Kansas agriculture and the states' farmers and ranchers. It will result in an increased cost of business for agricultural producers during a time when they are already strapped due to drought and a sluggish economy. ([Attachment 4](#))

Addressing the committee in opposition of **HB 2099**, was Todd Johnson, Governmental Affairs staff for the Kansas Livestock Association. At a time when the agricultural economy of our state is depressed due to market and weather conditions, the association urged the legislature not to add another burden to our producers and others involved in any manufacturing business by passing **HB 2099**. ([Attachment 5](#))

Senior Corporate Tax Manager for Hill's Pet Nutrition, Denise Washburn, expressed opposition to **HB 2099**. This company expressed the fact that **HB 2099** would have a long term negative effect on any potential expansions and investments into the manufacturing facility in Topeka. ([Attachment 6](#))

The Greater Topeka Chamber of Commerce was represented by Christy Caldwell, Vice President of Government Relations. In opposition to **HB 2099** her testimony states that removal of the sales tax exemption would put our local manufacturers at a competitive disadvantage. ([Attachment 7](#))

The KRWA (Kansas Rural Water Association) opposes **HB 2099** because it would undo the simplification that was achieved as a result of the 2001 legislation and once again subject rural water districts to the complex web of sales tax rules as **they** apply to water systems. This testimony was delivered by Gary H. Hanson, the attorney representing KRWA. ([Attachment 8](#))

Dennis Schwartz, Director of the Kansas Rural Water Association and General Manager of Shawnee County Rural Water District No. 8, presented testimony opposing **HB 2099**. Mr. Schwartz' testimony respectfully requested that **HB 2099** not be approved as it is currently drafted as it in effect represents double taxation for more than 800 cities and water systems. ([Attachment 9](#))

Presenting testimony for PTMW, Inc., was Edwin Carpenter. PTMW is a company whose primary manufacturing business is the fabrication of original equipment for the railroads. PTMW opposes **HB 2099** with the feeling that sales tax exemptions on consumables used in manufacturing may result in either the death of their company or the necessity that its' operations be moved to a more favorable economic climate. ([Attachment 10](#))

CONTINUATION SHEET

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Next to appear in opposition to **HB 2099**, was Francis Kelsey, a farmer in the Kansas River Valley in northwest Shawnee County. Mr. Kelsey perceived that passage of **HB 2099** would, indeed, have a definite effect on his business along with a negative impact on his operational bottom line. (Attachment 11)

Kansas Grain Sorghum Producers Association was represented by Greg Krissek, Director of Operations for the Kansas Corn Growers Association. Mr. Krissek's testimony provided information regarding the slim margin of Kansas corn producers and the operational challenge which passage of **HB 2099** would create. (Attachment 12)

Ron Appletoft, Governmental Affairs Coordinator for Water One of Johnson County, appeared before the committee in opposition of **HB 2099**. In his testimony for the water district, Mr. Appletoft stated that supplying water to the public in Kansas is essentially a governmental service and thus should be tax exempt. It is also their feeling that this would cause an unnecessary administrative burden. (Attachment 13)

The Kansas Dairy Association, Kansas Agricultural Aviation Association, and Kansas Seed Industry Association were represented by Chris Wilson in opposition to **HB 2099**. Testimony for these industries stated any increases in revenue should be broad-based, because increased taxes will be difficult for many Kansas citizens and businesses to pay. (Attachment 14)

Doug Wareham presented testimony before the committee in opposition of **HB 2099**. Mr. Wareham represented Kansas Grain & Feed Association as well as Kansas Agribusiness Retailers Association. His testimony revealed that passage of this bill would place an increased financial burden on agribusiness across Kansas as well as increase costs to be passed on to agricultural producers. (Attachment 15)

Testimony was also presented by Jack Glaves of Duke Energy who also felt that passage of **HB 2099** would create undue challenges for Kansas businesses. (No written testimony)

Each person testifying before the committee stood for questions following the delivery of his or her testimony.

Written testimony only, was presented by Wichita Independent Business Association (Attachment 16); Kansas Agricultural Alliance (Attachment 17); Representative Tom Sloan, 45th District (Attachment 18); Southwest Kansas Royalty Owners Association (Attachment 19); Wichita Area Chamber of Commerce (Attachment 20); Southwest Kansas Irrigation Association (Attachment 21); and Kansas Ready Mixed Concrete Association (Attachment 22).

Chairman Edmonds called for any other opponents which wished to testify before the committee and seeing none closed the hearing on **HB 2099**.

With no further business, Chairman Edmonds adjourned the meeting.

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