

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 21, 2005 in Room 519-S of the Capitol.

Committee members absent: Representative Nile Dillmore- excused
Representative Nancy Kirk- excused
Representative Bruce Larkin- excused

Committee staff present: Chris Courtwright, Legislative Research Department
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
Representative Paul Davis, Legislator
Representative Mario Goico, Legislator
Secretary Wagon, Department of Revenue

Others attending:
See attached list.

The Chairman opened the floor for bill introductions

Representative Davis made the motion that a bill be introduced regarding sales tax exemption for "Friends of the Library". Representative Treaster seconded the motion. The motion carried.

Representative Goico made the motion that a bill be introduced relating to a sales tax exemption for the purchase of materials for a playground for mentally challenged children. Representative Owens seconded the motion. The motion carried.

Mr. Courtwright provided an overview of Streamlined Income Tax. Copies of a briefing paper, by Martha Dorsey, Principal Analyst were distributed (Attachment 1).

Chronology of Kansas-related events and the Summary of Key Kansas Legislation were reviewed.

Discussions followed regarding: differences between streamline sales tax and destination sourcing, ramifications of changes to Kansas businesses, impact of the new local use tax, and a moratorium on streamlined sales tax.

Staff agreed to provide information reflecting the amount of revenue generated during the initial stage of destination sourcing.

Secretary Wagon cited the Department's efforts to facilitate new tax law conversions for small businesses, giving several examples. She introduced staff in attendance. Steve Stotts - Director of Taxation, Rick Clelland and Chad Sullivan - Customer Relations and Gary Centlivre - Manager of Electronic Commerce and Taxation stating that they had worked with a variety of businesses in order to initiate problem solving. The amount of businesses reporting has increased significantly while the number of calls for help are minimal. The total results will not be known until February 25th, when January sales taxes returns are due, providing their first real compliance measure. There has been a 34% increase in the number of people reporting on the state tax long form and reporting in multiple jurisdictions. Kansas is working with Tennessee, Ohio and Utah who are currently going through the conversion process.

The meeting was adjourned at 9:58 a.m. The next meeting is January 25, 2005.