

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 15, 2005 in Room 519-S of the Capitol.

All members were present except:

Representative Paul Davis- excused

Committee staff present:

Chris Courtwright, Legislative Research Department

Gordon Self, Revisor of Statutes

Richard Cram, Department of Revenue

Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Nancy Kirk

Representative Ward Loyd

Representative Barbara Craft

Bill Dillion, The Corporation for National Community Services

Randall Allen, Kansas Association of Counties

Rick Dykstra, Geary County Convention & Visitors Bureau

Chris Tymeson, Chief Counsel, Wildlife and Parks

Ron Hein, Kansas Restaurant & Hospitality Association

Dick Carter, Travel Industry Association of Kansas (TIAK)

Others attending:

See attached list.

Representative Huff made the motion to introduce a bill regulating certain amusement machines. Representative O'Malley seconded the motion. The motion carried.

Representative Thull made the motion to introduce a bill regarding taxation relating to the retailers sales tax in Neosho county. Representative Wilk seconded the motion. The motion carried.

HB 2207 - Determination of income to not include supplemental security income payments for homestead property tax refunds purposes.

Mr. Self stated that the bill eliminates Supplemental Security Income (SSI) from the income calculations for the Homestead Property Tax Rebate.

The Chairman opened the public hearing on **HB 2207**.

Representative Nancy Kirk, sponsor of the bill, testified in support of **HB 2207** (Attachment 1). SSI payments are provided to those persons who are disabled and who meet seven income guidelines. The disabled persons receiving SSI are generally those who are physically disabled as adults, and those with a severe and persistent mental illness. The current maximum SSI payment for one individual is \$579 per month.

She reviewed the homestead property tax relief program. The fiscal note of **HB 2207** is approximately \$5 million. She proposed a *second option* which would reduce the fiscal note to \$2 million. The Homestead Act would have to be amended to change the formula used to determine the amount of rebate returned. Discussion followed regarding the calculation resulting in a savings of \$3 million.

Representative Kirk stated that it would simplify matters to amend **HB 2207** to accomplish those changes. The Chairman requested that she have a balloon prepared to present to the Committee.

Bill Dillion, The Corporation for National Community Services, appeared concerning **HB 2207** in order to submit testimony in support of hundreds of low income citizens of Kansas (Attachment 2). His testimony included information on the Foster Grandparent and Senior Companion Programs describing the qualifications and the small stipends received for their participation in those programs. The Domestic

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Volunteer Service Act of 1973 contains language that he requested the Committee consider amending into HB 2207.

Amend House Bill No. Section 1, paragraph (a), last sentence (lines 26-30, to read as follows: "*Income does not include; Gifts from nongovernmental sources, surplus food or other relief in kind supplied by a governmental agency, supplemental security income payments. Foster Grandparent and Senior Companion stipends paid to participants provided under 42 United States Code, 5011 (d) & 5013 (b), nor net operating operating losses and net capital losses. (Emphasis added on new language).* This new language would simply clarify what serves as income.

The Chairman closed the public hearing on **HB 2207**.

HB 2406 - Providing for public improvement districts

The Chairman opened the public hearing on **HB 2406**.

Representative Ward Loyd, sponsor of **HB 2406**, stated that to ensure the viability of rural areas, they must begin to think and promote regionally (Attachment 3). They should identify ways to create institutions of forms of government, or abilities of government to associate, which can forge regional partnerships.

The concept expressed in **HB 2406** was first conceptualized last year, and inserted as a floor amendment into **2004 House Bill 487**. As that measure was primarily focused on Southwest Kansas, last year's amendment provided a mechanism by which nine counties in Southwest Kansas might enter into interlocal agreements to construct, operate and maintain public infrastructure. Local voters would designate the way these structures would be funded.

Only the State may grant taxing authority. Kansas communities may already have interlocal agreements. This bill puts in place the taxing authority which geographic communities of interest in Kansas may avail themselves, should they elect to do so.

Bullet points on the "Public Improvement District"

- ▶ Any three or more counties may enter into interlocal agreement
- ▶ except those counties included in a Metropolitan Statistical Area
- ▶ which improvements might be financed, at the option of the PIDs through
 - ✓ ad valorem tax levy not to exceed 1 mill
 - ✓ impose a sales tax of not to exceed 0.50%
 - ✓ or both
 - ✓ for not to exceed 10 years
- ▶ provided, no tax authorized without affirmative public vote
- ▶ if any county (residents) vote no, no such tax may be imposed in such county

HB 2406 is not a solution to the problems of rural Kansas, but I hope the idea it represents might be considered a part of the answer to the complexities of our evolving society, one that favors rural Kansas.

Randall Allen, Kansas Association of Counties, appeared in support of **HB 2406**, that anticipates a future need for smaller, more rural counties to join together to build, operate, or maintain public infrastructure improvements (Attachment 4) Many jurisdictions, in and of themselves, are too small to finance public facilities and improvements necessary to sustain and enhance a quality of life desired by citizens. This bill looks to the future of Kansas.

The Chairman closed the public hearing on **HB 2406**.

HB 2476 - Imposition of transient guest tax on Department of Wildlife and Parks (KDWP) in certain circumstances

Mr. Self stated that **HB 2476** was an amendment to the various transient guest tax statutes to include, in the definitions, language that would trigger transient guest tax to be charged in certain circumstances. In specific

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language it deals with basically cabins, or other structures, on state park property, operated by the KDWP, when engaged in a specific activity.

Representative Barbara Craft spoke to the Committee regarding a unfair situation that had occurred near Junction City (Attachment 5). The KDWP does not collect the transient guest tax (TGT) on three cabins, within the park, which has created an unfair situation for two other, privately-owned, businesses that are required to collect and remit TGT under the requirements of the Transient Guest Tax Act. There are two reasons that this is unfair (1) the Department has an economic advantage over the competing private businesses in the area, and (2) the Department has eliminated the means by which monies are collected through the transient guest tax, which is the only source of revenue for the Geary County Convention and Visitors Bureau. The bill would correct this situation by including KDWP in the statutory definition of "person" and state park cabins in the definition of "hotel, motel, or tourist court," the bill would impose the TGT on cabin rentals in state parks.

Rick Dykstra, Geary County Convention & Visitors Bureau, testified in support of **HB 2476** (Attachment 6). He displayed a large poster advertising an upcoming fishing tournament in Geary County. He spoke about the importance of tourism to the county. They believe that all public assessable lodging businesses, private or government, should operate by the same rules concerning the Kansas Transient Guest Tax Act; that is "Collect and Remit." The Legislature should help in making the compliance system fair and balanced, as it relates to TGT collection and pass **HB 2476**. His testimony included written testimony from Gary L. Boan, Owner, Flagstop Resort & RV Park, LLC.

There being no opponents to **HB 2476**, the Chairman acknowledged there were three neutral conferees.

Chris Tymeson, Chief Counsel, Wildlife and Parks, stated that KDWP neither supports nor opposes the imposition of the transient guest tax on cabins located in the state parks (Attachment 7). The tax would affect only two state parks. They asked the Committee to consider two points: (1) How the tax would be collected in state parks that are situated in multiple counties and, (2) the tax would be passed on to the users of the cabins in Cedar Bluff and Milford, which may cause some constituent discontent.

The state never envisioned fifty years ago, that they would have cabins in state parks. Do we not also envision perhaps that counties would operate similar cabin ventures in the future. Perhaps instead of specifically targeting one entity of government, language should be drafted somewhat similar to the retailers sales tax act, where it states city or other political sub-divisions of the state, etc. The Chairman requested that he prepare a balloon with his suggested changes. He agreed to do so.

Ron Hein, Kansas Restaurant & Hospitality Association, stated they were neutral on the bill (Attachment 8). In the case of **HB 2476**, philosophically, government lodging, if it does exist, should pay the same taxes as the private sector so there is no competitive advantage. That would be true of TGT collection as well. They understand the concept of lower government taxes not being assessable against higher jurisdiction governments, however, they think when government is entering what is generally accepted as the private business arena and is departing from generally accepted governmental functions, the rules must be interpreted differently to insure that government "business" does not inappropriately compete with the private sector.

Dick Carter, Travel Industry Association of Kansas (TIAK), stated that the travel industry believed that it is important to fund tourism promotion in the local communities (Attachment 9). The bill would only affect cabins in two state parks - Cedar Bluff and Milford. He provided a formula to reflect the amount of money that would be available if the transient guest tax was imposed on the two state parks.

TIAK would suggest that there are potentially more beneficial ways to raise dollars that would have a significant impact on the ability to draw visitors to Kansas communities and their attractions - including state parks. He cited two ways that would increase funding for tourism in Kansas stating that it seemed appropriate to focus on finding ways to fund tourism promotion in Kansas that would help the communities bank a return on their investments on a much larger scale.

The Chairman closed the public hearing on **HB 2476**.

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Representative Thull made the motion to approve the minutes from February 22 and 25, March 2, 3 and 11. Representative Treaster seconded the motion. The motion passed.

The meeting was adjourned at 11:00 a.m. The next meeting is on March 16, 2005.