

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 11, 2008 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Ryan Hoffman, Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Senator John Vratil
Mike Beam, Kansas Livestock Association
Whitney Damron, KS Sport Hunting Association
Ken Corbet, Ravenwood Hunting Preserve
Brad Harrelson, Kansas Farm Bureau
Ronnie Ruff, Ruff-Outfitters, Hampton, KS (written only)
David Corbin, KDOR
Paul Babcock, Private Citizen (written only)
April Holman, Kansas Action for Children (written only)

It was noted that minutes from the Taxation meetings on: February 14, 19, 20, 21, 22, 25 and 26th were sent electronically to the Taxation committee on March 4th. By consensus they were considered approved on March 11th, 2008.

SB 487 - Sales tax exemption for fees for guided and non-guided hunting and sale of game birds

Chris Courtwright, Legislative Research Department, explained **SB 487** would exempt from sales tax any fees or charges for participation in guided and non-guided hunts; fees or charges for sporting clay; and sales of game birds used for hunting. As amended the exemption is expanded to include fishing expeditions and excursions, clay shooting sports and hunting or fishing leases. The adjusted fiscal note is \$550.00.

Senator John Vratil, submitted written testimony in which he stated the bill would prevent the imposition of sales tax on certain hunting and hunting related activities. Imposing sales tax on these activities penalizes those who participate in those activities and it has the potential to discourage participation in the activities (Attachment 1).

Mike Beam, Kansas Livestock Association, said that guided and non-guided hunts have become a significant portion of many of their member's operations in recent years. The income generated off of these activities is subject to income tax; therefore, it is their belief that these type of activities should not be subject to sales tax in Kansas (Attachment 2).

Whitney Damron, KS Sport Hunting Association, stood in support of **SB 487**. He said there has been some confusion or misunderstanding in the past as to whether sales taxes are applicable to certain activities and sales that are conducted at hunting preserves and shooting ranges. He provided the history of hunting and recreational sports in Kansas and concluded by stating **SB 487** would clarify the application of sales taxes on certain hunting, fishing and shooting-related activities in the state (Attachment 3).

Ken Corbet, Ravenwood Hunting Preserve, testified that Ravenwood Lodge have hunt providers and bird producers in over 80 counties in the state of Kansas. Eighty percent of their hunters are from out-of-state. Out of state hunting is up six percent, while in-state hunting has declined by six percent. Without the support of farmers and ranchers, there would be no opportunity for the outdoor legacy of hunting and sport shooting, for which Kansas is known. He urged the Committee to adopt **SB 487** (Attachment 4).

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 11, 2008 in Room 519-S of the Capitol.

Brad Harrelson, Kansas Farm Bureau, said that the Bureau disagrees with KDOR recent interpretation that sales tax should be remitted by business and individuals providing hunting services and property owners who charge access fees for hunting. By imposing an additional sales tax KDOR is double-taxing these businesses and individuals. Other providers in the State are not required to remit sales tax on services provided and he asked why these businesses are being singled-out (Attachment 5).

David Corbin, KDOR, testified that **SB 487** would reverse the Department's interpretation in Notice 07-08, (included in testimony) that explains the sales tax imposition in statute on the gross receipts derived from hunting activities. He said this is a tourism issue and the question remains whether or not the legislature wants to charge sales tax to out-of-state citizens (Attachment 6).

It was noted that written testimony in opposition to the bill was received and distributed from April Holman, Kansas Action for Children, and Paul Babcock, Private Citizen (Attachment 7).

The Chairman closed the public hearing on **SB 487**.

SB 510 - Property tax exemptions; certain farm machinery and equipment

Scott Wells briefed the Committee on **SB 510**. He said the bill would amend the definition of "farm machinery and equipment" in regard to property tax exemptions. It would include any bed or box that is attached to a motor vehicle which is actually and regularly used in a farming or ranching operation. The enactment of **SB 510** would reduce property tax revenues by expanding the definition of a current exemption.

The Chairman opened the public hearing on **SB 510**.

Mike Beam, Kansas Livestock Association, said the need for **SB 510** arose in order to establish a consistent application of what was perceived to be the existing property tax treatment for truck beds and feed boxes. They believe a statutory clarification should be made to make it clear that the policy of this state support the exemption for truck beds and feed boxes used in farming and ranching operations (Attachment 8).

It was noted that Brad Harrelson, Kansas Farm Bureau, submitted written testimony in support of **SB 510** (Attachment 9).

At the Chairman's request, Tony Folsom and Roger Hamm came to the podium to explain a conflicting interpretation of existing statute, between BOTA, KDOR and local appraisers. The Chairman requested that Scott Wells, Office of Revisor of Statutes, draft a balloon to clarify what is current practice and establish a consistent application across the state.

The Chairman closed the hearing on **SB 510**.

The meeting was adjourned at 10:20 a.m. The next meeting is March 12, 2008.