

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Vice-Chairman David Huff at 9:00 a.m. on March 5, 2003 in Room 519-S of the Capitol.

All members were present except:

Chairman, John Edmonds
Rep. Ruby Gilbert
Rep. Mario Goico
Rep. Tom Sawyer
Rep. Bonnie Sharp

Committee staff present:

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

Conferees appearing before the committee:

Ralph Snyder, Assistant Adjutant of the American Legion and President of the Sunflower Club Assn.
Tom Parr, Philip Billard Post No. 1650 Veterans of Foreign Wars of the United States
Jim Cochran, Kansas Charities Cooperative
Melvin Zeller, Finance Office American Legion Post 400
Elwaine Pomeroy, Motion Picture Association of America Inc.
John Peterson, American Multi Cinema

Others attending:

See Attached List

Vice-Chairman Huff opened the meeting requesting any introduction of bills. Hearing none, he called the committee's attention to the Fiscal Note on **HB 2324** which would be \$3,380,000 in fiscal year 2004, and asked Chris Courtwright to give an overview of the bill. Following Mr. Courtwright's overview, Vice-Chairman Huff opened the floor for hearing on **HB 2324**.

With no proponents on **HB 2324**, Vice-Chairman Huff introduced Ralph Snyder, Assistant Adjutant of the American Legion and President of the Sunflower Club Association as the first opponent. Mr. Snyder explained that excise taxes are now levied in advance on paper Bingo Faces and Instant Bingo. This replaced sales tax. Smaller licensees who rely on Bingo for their charitable programs will be forced to cease Bingo operations because sales taxes will consume all of their profits. (Attachment 1)

Mr. Snyder stood for questions from the committee

Next to appear as an opponent of **HB 2324** was Tom Parr representing Philip Billard Post No. 1650, Veterans of Foreign Wars of the United States. The VFW (Veterans of Foreign Wars) are asking for an opposing vote for the bill as they already pay excise taxes which allows the State of Kansas to get their money up front and was to take the place of sales tax. They fund a number of social services and community activities and a

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reduction of revenue created by removal of the tax exemption would reduce these available funds. (Attachment 2)

Mr. Parr answered questions from the committee following his testimony.

Jim Cochran of the Kansas Charities Cooperative, Wichita, Kansas appeared in opposition to **HB 2324**. His testimony expressed the fact that the Legislative Post Audit committee recommended that bingo be taxed at the distributor level, rather than at the point of final sale. In 2000 the legislature enacted the recommendations and fazed out the sales tax on bingo and replaced it with a distributor tax. The repeal of the tax exemption would create tax at both the distributor level and the point of final sale. (Attachment 3)

Mr. Cochran also stood for questions after giving testimony.

Finance Office, American Legion Post 400 Melvin Zeller, presented testimony in opposition to **HB 2324** by bringing to attention comments on the effects of **HB 2013** effective July 1, 2000, sales and excise taxes paid during the period July 1, 2000 through June 30, 2002 and what additional taxes would do to their organization. He also gave a list of programs supported by Post 400 as well as submitting a copy of an invoice showing the cost of paper and excise taxes. (Attachment 4)

Questions from the committee were answered following Mr. Zeller's testimony.

Elwaine Pomeroy representing the Motion Picture Association of America Incorporated presented testimony in opposition to **HB 2324** relating that repealing the exemption would put a double tax on movies which would put local movie theaters in Kansas at an economic and competitive disadvantage which would in turn certainly cause ticket prices to automatically rise. (Attachment 5)

Mr. Pomeroy stood for questions from the committee following delivery of his testimony.

John Peterson appeared on behalf of the American Multi-Cinema as an opponent of **HB 2324**. He explained that repeal of the exemption would result in the same transaction being taxed twice and would be fundamentally unfair to Kansas movie exhibitors, like AMC (American Multi-Cinema) as well as to Kansas Consumers. (Attachment 6)

Mr. Peterson introduced Mr. David Barrier of Lathrop & Gage Attorneys at Law who stood for additional questions from the committee.

With no other person wishing to speak to the committee regarding **HB 2324**, Vice-Chairman Huff closed the hearing.

There being no further business before the committee, the meeting was adjourned at 10:06 a.m.