

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairperson Les Donovan at 11:00am on Thursday, April 30, 2015, 546-S of the Capitol.

All members were present

Committee staff present:

Chris Courtwright, Legislative Research Department

Edward Penner, Legislative Research Department

Adam Siebers, Office of Revisor of Statutes

Gordon Self, Office of Revisor of Statutes

Judy Seitz, Kansas Legislative Committee Assistant

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Possible bill introductions

Senator Melcher requested the introduction of a bill regarding excise taxes. *There being no objection from any member present, the Chair declared a motion to introduce the bill adopted by consensus.*

Informational meeting

Chairperson Donovan said the Committee will be meeting Tuesday, Wednesday and Thursday next week to finish our work for this session.

Senator Donovan reviewed the bills in Committee. He will not cover the bills the Committee has already passed.

SB 50 - Property tax; valuation classification bed and breakfast homes

The proponent for this bill requested that it be pulled from the Committee and will not be heard.

Senator Donovan said the Committee will not do anything with **SB178 - Valuation of agricultural land.**

SB 187 - Extending the student loan payment program and income tax credit for rural opportunity zones for six years. The Committee heard this bill and will take a look at next week.

SB 203 - Cigarette and tobacco products acts, amendments; authorizing governor to enter into compacts with native American tribes was heard in Committee and later referred to the Judiciary Committee.

SB 233 - Increasing rates of taxation on cigarettes, tobacco products and alcoholic beverages. The

CONTINUATION SHEET

MINUTES of the Committee on Assessment and Taxation at 11:00am on Thursday, April 30, 2015, 546-S of the Capitol.

Committee heard this bill and two amendments are being prepared which raise the tax by .50 or \$1.00.

SB 234 - State Finances; relating to state general fund tax receipts; providing a tax amnesty, creating a budget stabilization fund, tax reduction fund, ending balances; income tax rates, itemized deductions; reports to the legislature. This bill was heard and will be in the package.

SB258 - Eliminating property tax exemption from statewide school levy for property used for residential purposes to the extent of \$20,000 of its appraised valuation. An amendment is being prepared that would only apply to houses appraised over \$100,000.

SB259 - Computation of amount of personal property tax on motor vehicles. The Committee heard this bill which would start reducing the assessment rate on motor vehicles. At the end of the fifth year it would produce over \$40 million per year revenue for the state.

SB260 - Modifications to Kansas adjusted gross income relative to passive income for Kansas income tax purposes. The Committee heard this bill and will be looked at as part of the tax package.

SB261 - Imposing sales tax on sales of gas, electricity, heat and other fuel sources for production of heat and lighting for residential premises and agricultural use. The Committee heard this bill and it would have a \$183 million positive fiscal note. He noted that individuals get more tax exemptions than businesses.

SB264 - Eliminating sales tax exemption for farm machinery and equipment will probably not be included in the package.

Senator Donovan said he had received several phone calls on **SB272 - Income tax deduction for net gain on the sale of Christmas trees** and the Committee may look at this.

SB286 - Requiring social security numbers for tax credit eligibility. Senator Tyson said that currently the President has granted amnesty and as a result the state is obligated to pay up to three years back on certain tax programs so this bill would restrict the tax credit eligibility for those who have a social security number.

SB287 - Making refundable income tax credits nonrefundable. Senator Tyson said it would include all the business tax credits except the Earned Income Tax Credit (EITC).

SB296 - Making the 2015 income tax rates permanent and having the tax rate reduction become effective. Currently under the governor's proposal is to continue to reduce the lowest rate from 2.7 to 2.66 and this would eliminate that step down. Initially that rate was 3.5, the top bracket was 6.45 and the top bracket is now 4.7 and eliminated the intermediate rate of 6.25.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES of the Committee on Assessment and Taxation at 11:00am on Thursday, April 30, 2015, 546-S of the Capitol.

Starting on Tuesday the Committee will begin passing out some of these bills and put a package together to fill the hole in the budget.

Sister Therese said she has followed the EITC since 1998 and the reason the Kansas rate is higher than states around us (Iowa's is 14%) is that when the legislature wants to pass a tax package in the legislature to get a vote they would vote for the EITC. She also said the biggest amounts of jobs are coming from the hospitality and service industry. Sister Therese said these are the jobs that people have that receive EITC. She is asking the Committee to please keep that in mind when we ask people to work and people that are working should be able to have this credit. It is part of our income tax policy.

The meeting adjourned at 12:43p.m.

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