

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at  
Chairperson

9:00 a.m.~~pm~~ on February 8, 1984 in room 519S of the Capitol.

All members were present except: Representative Ken King who was excused.

Committee staff present:

Tom Severn, Legislative Research Department  
Wayne Morris, Legislative Research Department  
Don Hayward, Revisor of Statutes' Office  
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

Representative Bill Buntен  
Jamie Schwartz, Secretary, Dept. of Economic Development  
Jerry Mallot, President, Wichita Chamber of Commerce  
Bud Grant, KCCI  
Dale Stinson, Emporia Chamber & Kansas Industrial  
Development Association

Representative Bill Buntен, sponsor of House Bill 2806, testified as a proponent of the legislation. House Bill 2806 would enact a sales tax refund for the tax paid on manufacturing machinery and equipment, up to \$15,000, if the expenditure is \$500,000 and one new employee for each \$50,000 of expenditure is added. There must be ten new employees to qualify under the bill. Upon questioning of the committee, Representative Buntен was asked how he arrived at the \$500,000 figure and he replied it was just an arbitrary figure. He also stated that he would not be opposed to amendments to improve the intent of the legislation.

Jamie Schwartz, Secretary of the Department of Economic Development, preceded his testimony with a caveat that the governor has submitted a balanced budget for the upcoming year. He stated that the Department of Economic Development supports the concept of House bill 2806 and could be a useful tool for areas of the state that are not covered by an Enterprise Zone. He stated that the Department of Revenue and the Department of Economic Development have been unable to come to terms on a fiscal note for this legislation.

Jerry Mallot, President, Wichita Area Chamber of Commerce, testified in support of House Bill 2806.

Bud Grant, Kansas Chamber of Commerce, Incorporated, testified in support of House Bill 2806. (Exhibit I)

Dale Stinson, Emporia Chamber of Commerce, spoke in support of House Bill 2806.

Bill Edds, Department of Revenue, testified that the Department had some questions and concerns about the administration of the proposed legislation. (Exhibit II)

Representative Erne made a motion to remove House Bill 2610 from the table for purposes of discussion. Representative Rolfs seconded the motion. The motion carried.

House Bill 2610 amends K.S.A. 79-3279 to require that certain telephone companies apportion business income to Kansas using one factor.

Representative Rolfs made a motion that House Bill 2610 be reported favorable for passage as amended and Representative Erne seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 519S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 8, 1984

Representative Fry made a motion that Senate Bill 516 be reported favorable for passage. Representative Rolfs seconded the motion. The motion carried.

Senate Bill 516 would change the manner in which cigarettes are taxed to permit the marketing of packs of 20 or 25 within the State of Kansas.

The minutes of the meetings held on February 1, 1984, February 2, 1984, and February 3, 1984, were approved as printed.

DATE: Jan 8, 1984

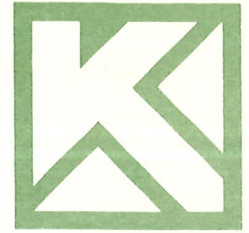
GUEST REGISTER  
HOUSE  
ASSESSMENT & TAXATION  
COMMITTEE

NAME	ORGANIZATION	ADDRESS
W. Juber	AP	
D. Hartzlick	HS Wb M	
J. Malloy	WACFC	
L. Dale Stinson	KIDIA	
Jamie Schwartz	KDED	
Don GRANT	KOCI	
Chris McKenzie	League of Ks. Amn.	
CHARLES D. BELT	WICHITA CHAMBER OF COMMERCE	WICHITA
BILL EWING	S.W. BELL	TOPEKA
ML Jenkins	Speaker's Office	"
Susan Mitzelmann	Hallmark Cards	RCMO
Helen Stephens	LWV	PU. Ks.
Jim McBride	United Way of Topeka	Topeka
Chip Wheeler	Ks Legis. Policy Group	Topeka
Dick Compton	Ks. IND. DEV. ASSN.	HAYS
Ron CALBERT	United Transportation Union	NEWTON

# LEGISLATIVE TESTIMONY

## Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the  
Kansas State Chamber  
of Commerce,  
Associated Industries  
of Kansas,  
Kansas Retail Council

KANSAS CHAMBER OF COMMERCE AND INDUSTRY  
Testimony Before the  
HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

HB 2806

February 8, 1984

Mr. Chairman and Members of the Committee:

My name is Bud Grant here representing the Kansas Chamber of Commerce and Industry. I very much appreciate the opportunity to appear before the Committee this morning and indicate our organization's support for House Bill 2806.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses plus 215 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

In 1972, twenty-eight states offered a partial or complete exemption from sales tax on the purchase of manufacturing machinery and equipment. In 1984, this number had increased to 38 and includes all of our neighboring states of Nebraska, Missouri, Oklahoma, and Colorado.

The concept of a sales tax exemption being offered as an incentive for the expansion of Kansas business or to attract new business to the state is not a new one. Both the Kansas industrial revenue bond law and the enterprise zone law offer these sales tax exemptions under specified conditions. It would only seem logical that this concept be extended and made available to all new and expanding Kansas businesses, again under specified conditions.

Please keep in mind that the only purpose of incentives such as the one we are talking about today is to create jobs. When considering the proportion of the state population that is age 65 or over, only 7 of the 50 states had a percentage which exceeded that of Kansas. Kansas is growing old and if we are to keep our young people here in Kansas we must provide the jobs which they need. The concepts embodied in House Bill 2806 can help us provide those jobs.

Thank you for the opportunity of appearing before the Committee. I would be pleased to attempt to answer any questions.

M E M O R A N D U M

To: House Committee on Assessment and Taxation      Date: February 9, 1984

From: Kansas Department of Revenue      Re: House Bill 2818

The Department of Revenue is concerned that the provisions of House Bill 2818 may violate the Tax Equity and Fiscal Responsibility Act of 1982. Under Section 532 of that act, air carrier property must be treated like all other commercial and industrial property. In excluding some aircraft from the business aircraft exemption, not all air carrier property is being accorded like treatment.

EXHIBIT II 2/8/84