

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m./~~p.m.~~ on Thursday, February 6, 1986 in room 519-S of the Capitol.

All members were present except:
Senator Jim Allen (Excused)

Committee staff present:
Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:
Tom Sloan, Senator Robert Talkington
Dennis Roth, Burlington
Harley Duncan, Department of Revenue
Bud Grant, Kansas Chamber of Commerce and Industry
Jamie Schwartz, Department of Economic Development

Senator Hayden moved that the minutes of the February 5, 1986 meeting be approved. Senator Hayden seconded the motion, and the motion carried.

S.B. 488 - Inheritance tax; release of lien

Tom Sloan appeared on behalf of Senator Robert Talkington in support of the bill and introduced Dennis Roth.

Dennis Roth described an estate he is handling. It was necessary to convert the real estate assets to cash, and because of the declining market, Mr. Roth wanted to expedite the matter as much as possible. The federal government has a provision allowing them to provide a lien waiver before the estate return is filed. However, Kansas law requires that before a Consent to Transfer Assets can be obtained, the Kansas return must be filed; in addition, the Kansas return requires that a copy of the federal return must accompany the state return. Mr. Roth told the Committee that he had to file the returns prematurely and by the time this was accomplished, one of the real estate sales had fallen through. He said the title standards require a Consent to Transfer Assets before title can be accepted. Mr. Roth noted that this is not a one-time problem.

Harley Duncan said the bill does not affect the state's lien and encouraged the Committee to pass the bill. He has some doubts that the bill will solve the problem because he feels the problem lies with the bar and title standards.

S.B. 511 - Sales tax refund on certain machinery and equipment

Bud Grant testified in support of the bill. He said there has not been sufficient time to gauge whether the legislation has been useful and said there has been interest expressed in utilizing the provisions of this legislation. (Attachment 1)

Jamie Schwartz testified in support of the bill on behalf of the Department of Economic Development and the administration. He urged that the legislation not be sunsetted before it has had a chance to be used.

Harley Duncan explained that the provision has been in effect less than two years and it requires that the employees must work at least a year before application can be made for refund.

Senator Mulich moved that S.B. 488 be recommended favorably for passage and placed on the consent calendar. Senator Burke seconded the motion, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m. ~~XXX~~ on February 6, 19 86

Senator Mulich moved that S.B. 511 be recommended favorably for passage and placed on the consent calendar. Senator Salisbury seconded the motion, and the motion carried.

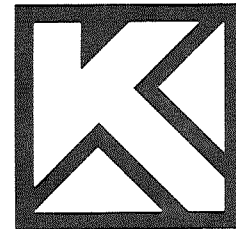
S.B. 462 - Appointment of advisory hearing panels to hear taxpayer appeals from valuations obtained from program of state-wide reappraisal

Senator Salisbury moved that the bill be amended to provide that more than one panel in a county may be appointed. Senator Thiessen seconded the motion, and the motion carried.

The Committee discussed whether or not the bill should require that guidelines be established setting the parameters for the advisory hearing panels. There was discussion whether these panels are to act in a "pre-screening" capacity or to be advisors to the boards of equalization.

Meeting adjourned.

LEGISLATIVE TESTIMONY



Kansas Chamber of Commerce and Industry

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

SB 511

February 6, 1986

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
Senate Assessment and Taxation Committee

by

Bud Grant
Vice President and General Manager

Mr. Chairman and members of the committee. My name is Bud Grant with the Kansas Chamber of Commerce and Industry and I appreciate the opportunity of appearing before the committee today in support of SB 511.

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 which includes 200 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. KCCI receives no government funding.

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 the recently completed Kansas economic development study which was conducted and prepared by the Institute for Public Policy and Business Research at the University of Kansas, the number two recommendation states as follows, and I quote

*2/6/86 Sen. A+T
Attachment 1*

"allow a sales/use tax exemption on all machinery and equipment used in manufacturing and on computers for business use."

Kansas remains one of only a few states which continues to assess a sales tax for the purchase of manufacturing machinery and equipment used in production. However, at a time when Kansas is experiencing revenue problems and seeking alternatives to current revenues, it is expected that the legislature will proceed cautiously in taking any steps which might diminish these revenues. While the extension of the statute contained in SB 511 would not fulfill the recommendation of the KU study, it is a halfway step which Kansas might well continue until revenues are available to completely adopt the recommendation proposed.

I think there are two reasons why it is particularly important at this time that the committee take favorable action on SB 511. First it's a time when Kansas is attempting to project a progressive and positive atmosphere about its business climate and its attitude toward attracting business and industry to the state. Second, because of some of the strict limitations within the statute there has actually been a very limited time to determine whether it has any impact on encouraging manufacturing firms to expand and create new jobs.

I hope Mr. Chairman that the committee will recommend SB 511 favorably and we can utilize the next two years to assess its value to the state business climate.

Thank you for the opportunity of appearing before the committee this morning and I would be pleased to answer any questions.