

Approved May 7, 1992

Minutes of the House Committee on Taxation. The meeting was called to order by Joan Wagnon, Chairperson, at 7:30 a.m. on Monday, March 30, 1992 in room 313-S of the Capitol.

All members were present except:

Rep. Bill Roy, Jr., excused; Rep. J. C. Long, excused; Rep. Rex Crowell, excused.

Committee staff present:

Tom Severn & Chris Courtwright, Legislative Research; Bill Edds and Don Hayward, Revisors; Linda Frey, Committee Secretary; Douglas E. Johnston, Committee Assistant.

Conferees appearing before the committee:

The Chair said the committee was still discussing the motion of Rep. Keith Roe on HB 2845 (Attachment 1).

Rep. Bob Vancrum made a motion to amend the motion of Rep. Roe to replace point 1 with Kansas-based industries defined as industries using industrial revenue bonds (Attachment 2). Rep. Jo Ann Pottorff seconded the motion.

After discussion, the motion of Rep. Vancrum failed with 7 affirmative votes and 10 against.

Rep. Gwen Welshimer made a motion regarding a reporting system for companies using IRBs, but withdrew the motion after discussion.

Rep. Betty Jo Charlton moved to amend Rep. Roe's motion to so that all personal property tax abatements would not be permitted. Rep. Bob Krehbiel seconded the motion.

After discussion, Rep. Charlton withdrew her motion with the consent of the second.

Rep. Krehbiel made a substitute motion to eliminate all authority to grant property tax abatements, not including IRBs. Rep. Ken Grotewiel seconded the motion.

After discussion, the motion failed with 3 affirmative votes.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation, room 313-S,
Statehouse, at 7:30 a.m. on Monday, March 30, 1992.

Rep. Jim Lowther moved to amend the motion of Rep. Roe by changing the definition of Kansas Basic Industry. Seconded by Rep. Vancrum, the motion carried with 10 for and 5 against.

The Chair brought the question to a vote. The amended motion of Rep. Roe carried.

Rep. Roe made a motion to report Sub. HB 2845 favorable for passage. Rep. Bruce Larkin seconded the motion which carried.

The meeting adjourned at 8:30 a.m. The next meeting will be March 30 at 9:00 a.m.

Proposed Substitute for H2845

I. Limitations on Industrial Revenue Bonds

1. Restrict any future property tax exemption or abatement granted through IRB's only to those purposes in the constitutional abatement amendment (Art.11,Sec 13):

real/personal property related to manufacturing, warehousing or research and development;

2. Clarify KSA 12-1742 to require any PILOT (payment in lieu of tax) from constitutional abatements or IRB's to be shared proportionally with school districts.

3. Require cities and counties to meet the provisions of current law (have written policies, cost benefit analyses, BOTA review) for issuance of any property tax exemption related to IRB's.

II. Constitutional Abatements

1. Require PILOT's in an amount at least equal to the property taxes being paid at the time of the request for abatement.

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- (2) "Kansas basic industry" means:
- (A) Agriculture;
 - (B) mining;
 - (C) manufacturing;
 - (D) interstate transportation;
 - (E) wholesale trade which is primarily engaged in multistate activity or which has a major import supplanting effect within the state;
 - (F) financial services which are primarily engaged in providing such services for interstate or international transactions;
 - (G) business services which are primarily engaged in providing such services in out-of-state markets;
 - (H) research and development of new products, processes or technologies; or
 - (I) tourism activities which are primarily engaged in for the purpose of attracting out-of-state tourists.

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