

Approved: Feb 27, 1995
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on February 24, 1995 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Martin, Senator Bond, Senator Clark, Senator Feleciano, Jr., Senator Hardenburger, Senator Lee, Senator Ranson, Senator Sallee and Senator Wisdom.

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee: David Bybee, Department of Commerce and Housing
Michel Miller, Kansas, Inc.

Others attending: See attached list

DISCUSSION AND POSSIBLE ACTION ON BILLS PREVIOUSLY HEARD

Senator Langworthy informed the committee that the subcommittee on **SB 316** did not meet yesterday but the bill would be "blessed" and the committee would look at it again after better language was developed to solve the problem. She also called their attention to the paperwork on Secretary John LaFaver who will appear before the Committee on March 6th, 1995 for a confirmation hearing.

SB 132--TAXATION OF THE BUSINESS OF BANKING; PROHIBITING

Senator Langworthy explained this bill was introduced to correct a statute which had not been enforced for about 14 years, but now, on certain counties, a tax was being placed on any credit institution. A question was asked where the money goes when it has been collected and they said it has gone to the counties.

Senator Bond made a motion to pass the bill favorably. The motion was seconded by Senator Sallee. The motion carried.

SB 301--INCOME TAX CREDIT FOR EDUCATION AND TRAINING OF QUALIFIED FIRM'S EMPLOYEES

David Bybee, HPIP Program Manager, Kansas Department of Commerce and Housing, appeared to request an amendment to **SB 301** in response to the objections regarding removing the cap of 500 FTE's. (Attachment 1)

Senator Martin made a motion to adopt the amendment. The motion was seconded by Senator Bond. The motion carried.

Senator Bond made a motion to pass **SB 301** favorably as amended. The motion was seconded by Senator Sallee. The motion carried.

SB 315--INCOME TAX REFUND CLAIM LIMITATIONS

This bill was requested by the Department of Revenue and limits the time to apply for refunds based on a constitutional issue.

Senator Corbin made a motion to pass **SB 315** favorably. The motion was seconded by Senator Martin. The motion carried with Senator Feleciano voting No.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on February 24, 1995.

SB 65--DUTIES OF COUNTY APPRAISERS

This is one of the bills requested by the Kansas County Appraisers Association.

Senator Martin made a motion to pass **SB 65** favorably as amended. Senator Ranson seconded the motion. The motion carried.

SB 67--TAXATION OF MOTORIZED BICYCLES

Senator Martin made a motion to pass **SB 67** favorably. The motion was seconded by Senator Lee.

There was discussion in the committee if the motorized bicycles would be moved into a category where they would need registration and also need insurance. The Kansas County Appraisers Association said this would assist them in discovering, listing and taxing the property.

Senator Bond made a substitute motion to table **SB 67**. The motion was seconded by Senator Corbin. The motion carried.

SB 68--COMPUTATION OF RECREATIONAL VEHICLES TAX

This bill was also requested by the Kansas County Appraisers Association and would change the computation of tax on recreational vehicles from the Appraisers to the County treasurer.

Senator Lee made a motion to amend **SB 68** to tax recreational vehicles 16 years and older at \$30.

Senator Bond made a substitute motion to tax recreational vehicles 16 years and older at \$50. The motion was seconded by Senator Martin. The motion failed.

Senator Bond made a substitute motion to tax recreations vehicles 16 years and older at \$40. The motion was seconded by Senator Martin. The motion failed.

A vote was taken on the original motion of Senator Lee and the motion carried.

Senator Feleciano made a motion to pass **SB 68** favorably as amended. The motion was seconded by Senator Clark. The motion carried.

SB 275--FAIRMARKET VALUE FOR PROPERTY TAX PURPOSES; CONSIDERATIONS IN DETERMINING

It was explained that this bill only adds the words " or by absorption or sell-out period" which would aid in making a fairmarket value.

Senator Bond made a motion to pass the bill favorably. The motion was seconded by Senator Martin. The motion carried.

Senator Langworthy announced the committee will meet on Monday to finish discussion and possible action on bills previously heard by the committee.

The meeting adjourned at 11:55 a.m.

The next meeting is scheduled for Monday, February 27, 1995.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: Feb. 24, 1995

NAME	REPRESENTING
Eli F. Hedrick	Self
Anne Kimmel	AARP
George Goebel	AARP
J. TED WALTERS	TARTA
Oscar Albrecht	AARP NARFE
Basil Coway	KRTA
Leva Powers	MCI
Mike Reecht	AT&T
Denny Koch	SW Bell
David Byler	KDOCH
Mark Barwelline	KDOCAH
Bruce Walker	Kearny & Greeley Co.
Mary R. Cech	Thomas Co.
Fancy Clark	Ks. County Opposier Corp
Anne Spiess	Ks. Assoc. of Counties
JEFF SONNICH	KNOCS 1
Mary Jane Stattelmeier	KS Farm Bureau
Wendha King	KMHA
James A. Todd	KSFTA

KANSAS, INC.

Charles R. Warren, President

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MEMORANDUM

To: Senator Audry Langworthy, Chair, Senate Assessment and Tax Committee.

From: Mikel Miller, Policy Analyst, Kansas, Inc. *Mikel*
David Bybee, HPIP Program Manager, KDOC&H *WOB*

Re: Proposed amendment to Senate Bill 301

Date: February 24, 1994

The purpose of this amendment is to accommodate removal of the 500 employee cap from the High Performance Incentive Program (HPIP) and create a two tier system of average wage standards. Implementation of these two tiers would eliminate any potential disadvantage a small firm may have in competing against average wages paid by much larger firms.

The following is suggested wording to amend Senate Bill 301:

Delete sub paragraph (c), (c) (1), and (c) (2) of Section 1 and replace with the following:

(c) Additionally, a business establishment having met the criteria as established in subsection (a) or (b) must meet one of the following criteria:

(1) The establishment with 500 or fewer full time equivalent employees, or FTE's, will provide an average wage that is above the average wage paid by all firms with 500 or fewer FTE's in the same county which share the same two-digit standard industrial classification, or SIC, code.

(2) The establishment with 500 or fewer FTE's is the sole firm within its two-digit SIC code in the county in which it is located which has 500 or fewer FTE's.

(3) The establishment with more than 500 FTE's will provide an average wage that is above the average wage paid by firms with more than 500 FTE's in the same county which share the same two-digit SIC code.

(4) The establishment with more than 500 FTE's is the sole firm within its two-digit SIC code in the county in which it is

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located which has 500 or more FTE's, in which event it shall either

(i) provide an average wage that is above the average wage paid by all firms with 500 or fewer FTE's in the same county which share the same two-digit SIC code, or

(ii) be the sole firm within its two-digit SIC code in the county.

SENATE BILL No. 301

By Committee on Assessment and Taxation

2-14

9 AN ACT relating to income taxation; concerning the definition of business
10 firm for training and education credit purposes; amending K.S.A. 1994
11 Supp. 74-50,131 and repealing the existing section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1 K.S.A. 1994 Supp. 74-50,131 is hereby amended to read
15 as follows: 74-50,131. (a) As used in this act: "Qualified firm" means a
16 for-profit business establishment, subject to state income, sales or prop-
17 erty taxes, identified under the manufacturing standard industrial classi-
18 fication codes as in effect July 1, 1993, major groups 20 through 39, major
19 groups 40 through 49, and major groups 60 through 89, or is identified
20 as a corporate or regional headquarters or back-office operation of a na-
21 tional or multi-nation corporation regardless of SIC code. ~~In addition, the~~
22 ~~business establishment must employ no more than 500 full-time equiv-~~
23 ~~alent employees. The number of full-time equivalent employees is de-~~
24 ~~termined by adding the number of full-time employees to the number of~~
25 ~~hours worked by part-time employees divided by 40.~~

26 (b) In the case of firms in major groups 40 through 49, and major
27 groups 60 through 89, the business establishment must also demonstrate
28 the following:

29 (1) More than one-half of its gross revenues are a result of sales to
30 commercial or governmental customers outside the state of Kansas; or

31 (2) more than one-half of its gross revenues are a result of sales to
32 Kansas manufacturing firms within major groups 20 through 39; or

33 (3) more than one-half of its gross revenues are a result of a combi-
34 nation of sales described in (1) and (2).

35 (c) Additionally, a business establishment having met the criteria as
36 established in subsection (a) or (b) must meet one of the following criteria:

37 (1) The establishment provides an average wage that is above the
38 average wage paid by firms located in the same county ~~which employ not~~
39 ~~more than 500 employees~~ and share the same two-digit standard indus-
40 trial classification code.

41 (2) The establishment is the sole firm within its two-digit standard
42 industrial classification code in the county in which it is located.

43 (d) The secretary of commerce and housing shall certify annually to

1-3

1 the secretary of revenue that a firm meets the criteria for a qualified firm
2 and that the firm is eligible for the benefits and assistance provided under
3 this act. The secretary of commerce and housing shall publish rules and
4 regulations for the implementation of this act. Such rules and regulations
5 shall include, but not be limited to:

6 (1) A definition of "training and education" for purposes of K.S.A.
7 1994 Supp. 74-50,132 and amendments thereto.

8 (2) Establishment of eligibility requirements and application proce-
9 dures for expenditures from the high performance incentive fund created
10 in K.S.A. 1994 Supp. 74-50,133 and amendments thereto.

11 (3) Establishment of approval guidelines for private consultants au-
12 thorized pursuant to K.S.A. 1994 Supp. 74-50,133 and amendments
13 thereto.

14 (4) Establishment of guidelines for prioritizing business assistance
15 programs pursuant to K.S.A. 1994 Supp. 74-50,133 and amendments
16 thereto.

17 (5) A definition of "commercial customer" for the purpose of K.S.A.
18 1994 Supp. 74-50,133 and amendments thereto.

19 (6) A definition of "headquarters" for the purpose of K.S.A. 1994
20 Supp. 74-50,133 and amendments thereto.

21 New Sec. 2. The provisions of section 1 shall be effective for taxable
22 years commencing after December 31, 1994.

23 Sec. 3. K.S.A. 1994 Supp. 74-50,131 is hereby repealed.

24 Sec. 4. This act shall take effect and be in force from and after its
25 publication in the statute book.

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