

Approved: March 13, 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 27, 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: Barbara Butts, Municipal Accounting
Mike Reecht, AT&T

Others attending: See attached list

APPROVAL OF MINUTES

Senator Corbin made a motion to approve the minutes of February 22, February 23 and February 24, 1995. The motion was seconded by Senator Martin. The motion carried.

SB 253--ELIMINATION OF TAX LEVY RATE AND AGGREGATE LIMITATIONS UPON LEVY OF PROPERTY TAXES

Senator Langworthy called the attention of the committee to the fiscal note for **SB 253**.

Barbara Butts, Municipal Accounting, discussed an amendment to **SB 253** which had been proposed at the hearing on this bill. She said the legislature needs to make a decision if they want the taxpayers to have the possibility of protesting an increase in the mill levy. Senator Clark commented there is no limit on the general fund. A check can be written for anything. Senator Hardenburger said in her district, the road mill levy averages 11 mills. She said very few units are using only 5 mills.

Senator Hardenburger made a motion to amend **SB 253** on page 20, line 26 to strike the word "five mills" and insert the words "the levy rate utilized for the 1995 budget." The motion was seconded by Senator Lee. The motion carried.

Ms. Butts was asked if this is the same bill which passed the Senate last year. She said she thought it passed both the House and the Senate but got lost in Conference Committee. However, Section 53 of **SB 253** is new this year.

Senator Bond made a motion to amend **SB 253** by taking out the statutory sites and title regarding the repealer of the tax lid. The motion was seconded by Senator Hardenburger. The motion was carried.

Senator Bond made a motion to pass **SB 253** favorably as amended. The motion was seconded by Senator Lee. The motion carried.

SB 67--TAXATION OF MOTORIZED BICYCLES

Staff announced that motorized bicycles do not need insurance if they are tagged and taxed. They are excluded under the no-fault insurance law.

Senator Martin made a motion to take **SB 67** off the table. The motion was seconded by Senator Lee. The motion carried.

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

The committee instructed the minutes convey that the committee, by passing **SB 67**, does not intend to extend to the owner of a motorized bicycle the requirement of showing proof of insurance coverage before such bicycle is registered and tagged, but only intends to change the methodology in taxing such bicycle.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on February 27, 1995.

SB 270--PROPERTY TAXATION OF CERTAIN TELECOMMUNICATION COMPANIES

Senator Bond made a motion to amend **SB 270** to change the tax from 33% to 30% in the tax year of 1997 and from 30% to 25 % in the tax year of 1999. The motion was seconded by Senator Martin.

Senator Bond said this phase-in in the reduction of property taxes on utilities would help the counties with the lowering of their income. He said these utilities are taxed at 33% where other businesses are taxed at 25%. The difference makes it anti-competitive as it relates to new businesses of long distance companies moving into Kansas. This amendment recognizes that this is a very competitive business. The tax provides a disincentive for these companies to locate in Kansas. With a more fair tax treatment, it will encourage those companies to develop in Kansas. Only 13 other state have this kind of high tax on this industry and 5 of them are considering a change in their legislation.

Senator Feleciano said he thought this was premature in light of the comprehensive study that is being done by the Commerce Committee.

Senator Langworthy asked what the study is and the time schedule for the study. Senator Feleciano said it is the private sector and the public sector working together with a consultant who has been hired to study the telecommunications of Kansas. He thought the study will be ready and will be brought before the legislature next year.

Senator Bond reiterated that it was an issue of fairness when the telecommunications are taxed at 33% and their competitors are at 25%. He also said the border states do not have this disparity of tax.

Senator Wisdom said he would go along with the amendment but felt that this issue should be studied more. Senator Sallee agreed he would like to see a little more time taken on this bill.

Mike Reece, AT&T, said he would just like to point out that the valuation in 1996 would be at 30%. Taxes collected in 1997 and 1998 would reflect that. In 1998 the taxes collected would be at 25 % and therefore the taxes collected in 1999 would be at 25%.

Senator Bond withdrew his motion and Senator Martin withdrew his second.

Senator Bond made a motion to amend the bill into a balloon and ask for **SB 270** to be "blessed". The motion was seconded by Senator Martin. The motion carried.

SB 39--INCOME TAXATION OF RETIREMENT BENEFITS (subcommittee report)

Senator Ranson, chairperson of the subcommittee on **SB 39**, said they started with the original bill and then discussed the committee amendments. The committee struck the language in Section 1, (vi) that would require the taxation of the so-called pick-up by the employer-employee combination. The fiscal note on that was \$6 million. Then the subcommittee discussed the \$2,000 deduction. That would cost about \$15 to \$16 million. Since that was such a big fiscal impact, the committee went back to \$1,000 deduction per person--that would be \$9.9 million plus for the state. If it was somewhere in between--around \$1,750 deduction per individual--the fiscal note would be \$6 million ahead for the state. An attorney General's opinion was requested by Senator Feleciano and it reiterates what the opinion of last year said that there is a contract with those persons who were vested that cannot be broken. The committee discussed taxing the people who were not vested. There were a lot of legal opinions and court cases why this could not be done. Staff said there are cases in both Michigan and Kansas which say you can not discriminate. The subcommittee could not come to an opinion on the bill.

Senator Langworthy asked if she is correct in the fact that Senator Bogina asked that this bill be "blessed" so he could do some crafting on bill? The answer was "yes".

Senator Martin made a motion to request the committee pass over the bill and honor the request of Senator Bogina to have the bill "blessed." The motion was seconded by Senator Wisdom. The motion carried.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for March 6, 1995.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: Feb 27, 1995

NAME	REPRESENTING
Ronald Messner	Federal Retired Employees
Basil Covey	KRTA
Anne Kimmel	AARP
Leva Powers	MCI
Martha Jenkins	Sprint
Oscar Albrecht	NARFE
Jill Cumpacker	Governor's Office
J. TED Walters	TARTA
Chris McKenzie	League of Kansas Municipalities
Larry Ray	Job Forum City of Overland Park
BECK BRADLEY	KS ASSOC of COUNTIES
Barbara Butts	Dept of Admin
Bill Erickson	✓ ✓ ✓
Wanda Lujan	KMHA