

Approved: _____
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on February 11, 1998 in Room 519-S of the Capitol.

All members were present except: Rep. Powell
Rep. Howell
Rep. Presta

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann McMorris, Committee Secretary

Conferees appearing before the committee:
Rep. Tom Sawyer

Others attending: See attached list

Chair continued public hearing on:

HB 2785 - Inheritance tax distributee deduction amounts increased

Proponents:
Rep. Tom Sawyer (Attachment 1)

Closed hearing on **HB 2785**.

The next meeting is scheduled for February 12, 1998.

Adjournment

Attachment - 1

State of Kansas
House of Representatives

TOM SAWYER
House Democratic Leader



Topeka Address
State Capitol
Room 327-S
Topeka, Kansas 66612-1504
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Office of the Minority Leader

Mr. Chairman and Members of the Committee:

I would like to thank the Chairman and members of the Committee for the opportunity to testify before you this morning.

There is no question that inheritance tax needs to be reformed. The current exemption levels have not changed in twenty years. But it is important that in our rush to reform inheritance tax, we are careful to do it in a responsible, fair and balanced manner.

There are two approaches to inheritance tax reform before you today. I am here to give my strong support of House Bill 2785 because I believe it is a more fair and balanced approach to inheritance tax reform than that in Senate Bill 500.

Government should never stand in the way of a family's desire to pass down a farm, home or business to their children. House Bill 2785 accomplished that by exempting 99% of class A heirs from paying any inheritance tax.

If it is the goal of the inheritance tax reforms included in Senate Bill 500 to enable Kansas families pass on the family farm, it falls woefully short of the mark. Two-thirds of the inheritance tax reform in that plan goes to non-direct relatives or unrelated heirs, many of whom do not even live in Kansas. In fact, the Department of Revenue estimates that 40% of inheritance tax returns are from individuals not living in Kansas.

House Bill 2785 raises the current exemption level for Class A heirs - parents, children and grand children - from \$30,000 to \$1 million. It raises the exemption for Class B heirs - brothers and sisters - from \$5,000 to \$100,000. I feel that is fair.

However, the reforms in Senate Bill 500 go beyond fair. In fact it goes \$35 million dollars beyond what is fair. The \$35 million difference in fiscal notes of House Bill 2785 and the inheritance tax reforms in Senate Bill 500 could be better used toward tax breaks that benefit all Kansans, such as reducing the sales tax on food.

House Bill 2785 is a fair and balanced approach to inheritance tax reform, and I strongly urge the members of this committee to support it.

House Taxation
2-11-98
Attachment 1-1