

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by the Chairman Edmonds at 8:30 a.m. April 5 in Room 519-S of the Capitol.

All members were present except: Rep. Hutchins, excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor
Winnie Crapson, Secretary

Conferees appearing before the committee: Kent Glasscock, Speaker of the House

Others attending: See attached list.

Without objection bill will be introduced as requested by Ed McKechnie to create a port authority.
[**HCR 5032** - Approving creation of the City of Pittsburg, Kansas, Port Authority]

Without objection bill will be introduced as requested by Ed McKechnie to allow an income tax credit for payments to certain port authorities. [**HB 2586** - Income tax credit, retirement of bonds issued by city port authority]

Hearing was opened on:
HCR 6012 - Resolution urging Congressional delegation to support federal tax relief plan of President Bush

Speaker Glasscock presented an Overview of President Bush's Tax Plan (Attachment #1) and responded to questions and comments of members of the Committee.

Written testimony was distributed from Karl Peterjohn, Kansas Taxpayers Network (Attachment #2).

The Committee recessed at 9:12 a.m. and reconvened at 1:32 p.m.

Representative Osborne presented Subcommittee report on **SB 231** - Establish the family development account program and family development account reserve fund and **SB 332** - Establishing the individual development account program and individual development account reserve fund. (Attachment #3).

The Subcommittee consisted of Representative Osborne, Chair, Representative Cook and Representative Flora. A balloon amendment on **SB 332** providing the program be administered by the University of Kansas through its Schiefelbusch Institute for Life Span Studies; changes in the income eligibility and the ratio of match; and clarification that the balance would be a part of the estate upon death of beneficiary. The Institute and the University agree to accept this responsibility at no cost to the state. The Subcommittee noted passage of **SB 332** will enable Kansas to access federal funds for assistive technology and unanimously recommends that the amendment be adopted and **SB 332** as amended be recommended favorable for passage.

The Committee was unable to resolve questions about **SB 231** through the Department of Commerce and Housing. Representative Osborne and Representative Cook recommend that **SB 231** be referred to an interim committee to develop further information. Representative Flora did not concur in this deferral.

Chairman Edmonds thanked the Subcommittee for the report and for their excellent work.

The Committee took **HCR 6012** under consideration.

Representative Powell moved that **HCR 6012** be recommended favorable for passage. Representative Osborne seconded and the motion was adopted.

The meeting adjourned at 1:48 p.m. Next scheduled meeting is April 6. [Meeting cancelled.]

OVERVIEW OF PRESIDENT BUSH'S TAX PLAN

- Lowers each tax bracket and reduces the number of tax brackets from 5 to 4. The current tax rates of 15, 28, 31, 36, and 39.6 percent are replaced with a simplified rate structure of 10, 15, 25, and 33 percent
- Cuts the current 15 percent tax bracket to 10 percent for the first \$6,000 of taxable income for singles, the first \$10,000 for single parents, and the first \$12,000 for married couples
- Doubles the child tax credit to \$1,000 per child and applies the credit to the Alternative Minimum Tax (AMT)
- Reduces the marriage penalty by reinstating the 10 percent deduction for two-earner couples
- Eliminates the death tax, gradually rolling it back over eight years
- Expands the charitable deduction to non-itemizers
- Makes the Research and Experimentation (R&D) tax credit permanent
- Raises the limit on IRA contributions and allows penalty-free IRA withdrawals by individuals over 55 for donations to charity

Speaker Glascock

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KANSAS TAXPAYERS NETWORK
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316-684-0082
Fax 316-684-7527
5 April 2001

Support for HR 6012

Karl Peterjohn, Exec. Dir.

The Kansas Taxpayers Network has repeatedly testified that Kansas taxes are too high so it is a pleasure to join in supporting a resolution from the Kansas legislature asking for a cut in federal taxes.

The Kansas Taxpayers Network endorses legislation that would provide \$1.6 trillion over the next ten years. This is a good starting point for cutting taxes and we could readily support larger and more aggressive proposals.

This good start in reducing federal taxes is needed now that this country is at a record level of federal taxes in peacetime.

Federal tax cuts are needed to provide economic stimulus while the economy is struggling from higher interest rates and a decline economic growth during the last year. A sizable federal tax cut is needed to guarantee that any recession we may already be in is kept to the shortest period of time possible.

The Reagan era tax cut enacted by the federal government in 1981 played a key role in ending the economic malaise of the 1970's and starting the period of prosperity and economic growth in the 1980's.

That 1981 tax cut provided much of the capital spending which was important in developing the technology which continued to help this country's economic growth in the 1990's.

This country needs broad based tax relief for all federal taxpayers. Federal income tax rates when combined with federal payroll taxes, excise taxes, alternative minimum taxes, and other federal levies can easily exceed over half a person's income.

Kansas Taxpayers Network urges the legislature to rapidly endorse this resolution and join the effort to enact meaningful and substantial tax relief for all taxpayers in this country.

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Memorandum

To: House Taxation Committee
From: Rep. Vern Osborne, Rep. Mary Cook, Rep. Vaughn Flora
Subject: Sub-Committee Report on SB332 and SB231

The Sub-Committee held two hearings with all members present. We focused our first hearing March 29, 2001, mainly on where these two development accounts could be assigned. We heard from three agencies: SRS, KDOC&H, and KDOR. All agency representatives were negative about taking on these I. D. Accounts. Unfamiliarity with such accounts caused them some concerns, they indicated that they would rather not be the lead agency handling the administrative duties. The State Treasurers Office was not represented at our first hearing, however, we informed all present that the Treasurer's Office would be contacted prior to any decisions on placement.

We discussed the ratio figures for the Matching Fund with the thought of trying to make both bills similar. We arrived at a preliminary figure of a 3:1 ratio.

In regards to the percentage of the Federal poverty level needed, it was decided after received a copy of the actual poverty levels that the 300% figure would be suitable. As you can see on the attached poverty guidelines sheet, the one-person family at 200% is only \$17,180 and at 300% it calculates out to be \$25,770. It was stated by the conferees that the \$17,000 figure in some cases might be too little to cover some assistive technology items and a 300% figure would be preferred. We agreed to address these concerns when we worked the bills.

We also discussed Section 6, Paragraph C on the issue of beneficiaries. We instructed the revisers to clarify the last sentence to make sure that the account holders money would be returned to their heirs at their passing.

The agency representatives were pretty much in agreement with an interim study on SB231. The proponent conferees on SB332 indicated that they had several possible agencies that would be willing to administer this bill and would provide the information at our next hearing.

We met again on Friday, March 30, at 11:45. Mr. Derick Sontag from the State Treasurer's Office testified that they had a concern with a possible conflict between the educational component of SB231 and their present Learning Quest Savings Program. Mr. Sontag did mention that an interim study would be appropriate for SB231, but in regards to SB332, he felt comfortable if the Legislature were to chose his agency.

Sara Sack, Ph.D, Co-director, Assistive Technology for Kansas Project of the University of Kansas, Parsons, testified that they were up and ready to administer SB332. She testified that she had written two grants for \$1.4 million just last year and over the last 10 years had obtained

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over \$10 million resulting in extremely good track record. She indicated that this program could be managed by the University of Kansas with no problems. I asked reviser, Don Hayward, on whether there would be any problem if KU were to administer this I.D. Account. Mr. Hayward saw no problems if KU were willing. I then requested a letter from KU in regards to their approval to this arrangement and Dr. Sack agreed to provide this letter. Mr. Hayward requested the specific name of the KU department. Dr. Sack then provided the name as follows: Schiefelbusch Institute for Life Span Studies of the University of Kansas.

We also discussed the definition of assistive technology and how to control abuses. It was pointed out that Section 4 covers the approval of withdrawals by community-based organizations and Section 6 covers the forfeiture of matching dollars not in accordance with Section 4. This seems to cover any potential abuses.

We then worked the bill with Rep. Flora moving, Rep. Cook seconding the following changes: changing the match to 3 to 1 on page 2, all references to SRS to read the University of Kansas, and clarifying the death benefits in Section C Paragraph C.

As the result of our meetings, the Sub-Committee on SB231 and SB332 recommends the following: SB332 favorable as amended
SB231 to summer 2001 interim study.

Fiscal Impact in FY2002 and then annually: \$201,000.00

Sub-Committee Members:

Representative Mary Cook
Representative Vaughn Flora
Representative Vern Osborne, Chmn.

Mary Pilcher Cook
Vern Osborne

April 5, 2001

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From: Valerie Plummer [SMTP:valerie@westcompany.org]
To: idanetwork@cfed.org
Cc:

Subject: Federal Poverty Guidelines
Sent: 3/28/01 7:09 PM Importance: Normal

Greetings everyone,

For those of us using the Federal Poverty Guidelines as one of our income guidelines for participants applying to our IDA program (especially AFIA grantees), the Guidelines can be found at: http://www.hhs.gov/opa/titles/hhs_poverty_guidelines_2001.txt

for 2001

For the 48 contiguous states and D.C.,

	200%	300%	
1 person in family: \$8,590	# 17,180	# 25,770	①
2 people in family: \$11,610	# 23,220	# 34,830	②
3 people in family: \$14,630	# 29,260	# 43,890	③
4 people in family: \$17,650	# 35,300	# 52,950	④

5 people in family: \$20,670
 6 people in family: \$23,690
 7 people in family: \$26,710
 8 people in family: \$29,730

There! Now you don't have to go searching like I did (unless you were on the ball and already had these.)

Valerie Plummer
 IDA Program Manager
 West Company
 Ukiah, CA

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