

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:40 a.m. on April 5, 2001, in Room 519-S of the Capitol.

All members were present except: Senator Allen

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Charles R. Ranson, President, Kansas, Inc.

Others attending: See attached list.

The minutes of the March 28, 2001, meeting were approved.

**HB 2219—Relating to annual reports concerning certain tax incentive effectiveness.**

Charles Ranson, Kansas, Inc., testified in support of **HB 2219** as passed by the House. He explained that the bill addresses a flaw in the mechanism whereby Kansas, Inc., reports annually on the utilization of state income tax credits and sales tax exemptions. The information Kansas, Inc., is able to provide currently by statute is incomplete and perhaps misleading. Due to strict confidentiality requirements imposed to safeguard taxpayer information from public disclosure, Kansas, Inc., and the Department of Revenue cannot resolve this problem on their own. The bill suspends the requirement that Kansas, Inc., produce an annual report until on or after January 1, 2003, and requires it and the Department of Revenue to develop a procedure that will provide Kansas, Inc., with necessary corporate and individual taxpayer information under appropriate safeguard protection so that Kansas, Inc., can fulfill its responsibility to provide a complete and meaningful report on the utilization of the incentives. (Attachment 1)

There being no others wishing to testify, the hearing on **HB 2219** was closed.

Senator Donovan moved to report **HB 2219** favorably for passage, seconded by Senator Praeger. The motion carried.

The meeting was adjourned at 11:45 a.m.

No further meetings are scheduled for the 2001 Legislative Session.



**Senate Assessment and Taxation**  
**April 4, 2001**  
**Charles R. Ranson, President**  
**Kansas, Inc.**

**Testimony in Support of HB 2219**

Mr. Chairman and Members of the Committee.

House Bill 2219, passed by the House of Representatives, addresses a flaw in the mechanism whereby Kansas, Inc. reports annually on the utilization of state income tax credits and sales tax exemptions.

Section 74-8017, K.S.A., requires Kansas, Inc. to make this report, yet the current law is limited to review of utilization of these economic development incentives by corporate taxpayers. In truth, the credits and exemptions are equally available to individual taxpayers, so the information Kansas, Inc. is able to provide is incomplete and perhaps misleading as an indicator of the value of these economic development incentives.

Were it not for the very strict confidentiality requirements imposed by the Legislature on the Department of Revenue to safeguard taxpayer information from public disclosure, Kansas, Inc. and the Department of Revenue probably could resolve this on their own. But we do not have the legal authority to do so by negotiation. That is why this bill is before you today.

The bill before you today, suspends the requirement that Kansas, Inc. produce this report until on or after January 1, 2003, and requires it and the Department to develop an agreed to procedure that will provide Kansas, Inc. with necessary corporate and individual taxpayer information, under appropriate safeguard protection, so that Kansas, Inc. can fulfill its responsibility to provide a complete and meaningful report on the utilization of these incentives. The proposal procedure is mandated to be developed and presented to the Legislature in advance of the convening of the 2002 Session.

Mr. Chairman, Members. I think this is a good solution to a problem that has been unintentionally created for these agencies, and I urge your favorable consideration of HB 2219 as passed by the House. Thank you.

*Senate Assessment & Taxation*  
*4-5-01*  
*Attachment 1*