

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:30 a.m. on May 1, 2001, at the rail near the Senate Chambers at the Capitol.

All members were present except: Senators Clark, Donovan, Haley, and Pugh

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None

Others attending: None recorded

Chairman Corbin announced that the purpose of the meeting was to act on a resolution discussed at the April 30 meeting of the Committee, **HCR 5032**, which approves the creation of the City of Pittsburg Port Authority. He also announced that there would be no hearing on the companion bill, **HB 2586**, which would provide an income tax credit for payments to port authorities. He noted that **HCR 5032** is needed by Watco Companies in order to continue with efforts to ensure that rail lines are preserved. He offered committee members copies of a memorandum from Governor Graves in which the Governor expresses his support of both **HCR 5032** and **HB 2586**. (Attachment 1)

Senator Lee moved to recommend that **HCR 5032** be adopted, seconded by Senator Goodwin. The motion carried.

The meeting was adjourned at 10:32 a.m.

The next meeting is scheduled at 1:30 p.m. on May 1, 2001, in Room 519-S of the Capitol.

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OFFICE OF THE GOVERNOR

MEMORANDUM

TO: Members of the Senate Tax Committee

FROM: Governor Bill Graves

DATE: April 30, 2001

SUBJECT: HCR 5032 and HB 2586

Often in the scramble to close a Legislative Session, efforts to support legislative efforts can become unclear, even in our best attempts to make them the clearest. That may have been the case this afternoon in the testimony of the Department of Revenue on HCR 5032 and HB 2586.

Let me make it perfectly clear: This administration supports HCR 5032 and HB 2586 and we want to do everything possible to enact them this session.

While the Department of Revenue was unclear on many of the issues facing the rail lines in central and western Kansas, I want you to know that I have personally worked with the Department of Transportation to develop this legislative package that will ensure these rail lines are preserved.

The Port of Pittsburg, Kansas, is one of the tools the state can use to fund needed capital improvements to maintain these rail lines. The structure of the Port Authority will be developed during May and June and the city of Pittsburg has offered to have the Secretary of Transportation, or their designee, serve on the board. This is one of the ways I believe we can monitor the progress of this important effort.

While some of the specifics surrounding the Port of Pittsburg have yet to be determined, what is clear is that the railroad will transfer the rail line to the Port and through a lease purchase financing proposal, the railroad will have around \$3.5 million to make capital improvements.

Senate Assessment & Taxation
5-1-01
Attachment 1

Also for your consideration is HB 2586. This income tax credit is the other portion of the \$10 million Watco Companies needs to rehabilitate key portions of the track. If we were to build this track new it would cost more than \$900 million. Watco Companies has pledged to spend more than \$55 million in the next 10 years to improve and rehabilitate this track. All they are asking us to help with is \$10 million, which is a pretty good bargain.

If you have any additional questions that are prospective in nature, I encourage you to visit with the Department of Transportation which has been working on this issue for more than six months.

Thank you for your consideration. I would truly appreciate your support of the resolution and bill.