

Approved: 2-15-08
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Vice-Chair Richard Carlson at 9:00 A.M. on January 30, 2008 in Room 519-S of the Capitol.

All members were present except: Representative Wilk

Committee staff present:

Chris Courtwright, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Ryan Hoffmann, Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Pat Lehman, Firefighter's Association
Representative Joe Patton
Mark Desitti, KASB; KNEA
Penny Wood, Private Citizen
Ron Hein, Midwest Transplant Network

Others attending:

See attached list.

The following Representatives introduced their young constituents that were shadows for the day:

Representatives Owens introduced Evan Watkins, Tina Wei and Tina's father Michael
Representative Brown introduced Sarah Darby
Representative Menghini introduced Brittnee Albertson
Representative Treaster introduced Austin Kipp
Representative Lukert introduced Alli McKinnon
Representative Dillmore introduced Taylor Schley
Representative Schroeder introduced Nicole Rockhold
Representative McCray-Miller introduced Lauren Bickford

It was noted that minutes from the January 16 and 17th meetings were sent electronically to the Committee on January 23 and, by consensus, approved on January 30, 2008.

Pat Lehman, Firefighter's Association, requested a bill that would change a statute relative to the KSFFA sales tax exemptions. Representative Carlson moved the request. Representative Owens seconded. The motion carried.

HB 2467 - Income tax credit for property taxes paid by taxpayers who are 65 years of age or older

Chris Courtwright explained that **HB 2467** was a bill introduced during the 2007 session. The bill would create a refundable income tax credit for a portion of the property tax paid by taxpayers who are 65 years of age or older. The income tax credit would be equal to the difference in property taxes timely paid on the principal residence of the taxpayer for the year in which the tax credit is claimed and the property taxes paid on that property for tax year 2006. The fiscal note for the first year would be approximately \$22,500 million. If the bill advances the effective year should be advanced.

The Chairman opened the public hearing on **HB 2467**.

Representative Joe Patton appeared in support of the bill (Attachment 1). He told the story of a constituent that may be forced to move because she is unable to pay property tax increases. He said taxpayers should be allowed to use either this refundable income tax credit or the Homestead Property

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 30, 2008 in Room 519-S of the Capitol.

Tax Refund law, but not both. He was not opposed to adding a "means test" to determine eligibility and suggested several ways to recover lost revenue. He answered questions regarding eligibility for the bill, fiscal note increases, problems associated with shifting taxes and means testing.

Mark Desitta, KASB; KNEA appeared as neutral on **HB 2467**. He said this tax credit would have a negative impact on the state's overall revenue picture and treats all seniors equal, regardless of wealth. He suggested a circuit breaker approach, under which the credit would be activated. He said the Association continues to recommend that the state needs a comprehensive review of the entire tax system to provide long term stability for the state (Attachment 2).

The Chairman closed the public hearing on **HB 2467**.

HB 2362 - Income tax credit for certain expenditures related to living organ donations

Ryan Hoffman, Kansas Research Department, briefed the Committee on **HB 2362**. The bill would provide for a refundable income tax credit for un-reimbursed expenditures related to the living donation of one or more human organs. **HB 2362** limits the credit to \$10,000 and defines a human organ as all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The fiscal note would be a loss of \$1,000,000 in revenue FY 2008.

The Chairman opened the public hearing on **HB 2362**.

Penny Wood, a renal kidney transplant recipient, spoke about her transplant experience. The associated expenses of her transplant cost her donor a minimum of \$6,000. She said there are potential donors that do not donate organs due to the cost they would incur. There are neighboring states that have passed this legislation and Missouri is considering this tax deduction. She urged the Committee to pass the bill (Attachment 3).

Ron Hein, Midwest Transplant Network, testified that a tax credit would help donors defray direct and indirect expenses associated with giving an organ or bone marrow. This would encourage more donations from living donors where it is appropriate and would decrease the wait time for those on the deceased donor wait list and/or provide a transplant in time to save another's life. He spoke of his personal experience and said he would try to clarify whether the insurance paid for all or part of the donors expenses (Attachment 4).

Discussion ensued regarding specific language on the fiscal note. It was suggested language could be added that would limit this benefit to Kansas residents. The question whether other body parts be considered optional for donations was raised. There was a request to see the cost involved in a transplant procedure and Ron Hein agreed to work with Representative Owens on some type of projection.

The Chairman closed the public hearing on **HB 2362**.

The meeting adjourned at 10:30 a.m. The next meeting is January 31, 2008.

HOUSE TAXATION COMMITTEE

DATE: January 30, 2008

NAME	REPRESENTING
Pat Lehman	KFSA
Austin Hayden	Hein Law Firm
Penny Wood	2342
Mark Johns	Farm Bureau
Helen Norris	Ks Farm Bureau
Tom Norris	"
Nicole Rockhold	
Brittnee Albertson	
Ronald Richey	NRRFE
Michelle Peterson	Capitol Strategies
Phil Perry	MBA of GKC
Brend Harrison	KFB
Mark DeSetti	KNEA
Hal Hudson	KS Pest Control Assoc.
Willie Prescott	Orange Co. Farm Bureau
Larry R. Baer	LKw
John A. C. C. C.	
Theresa A. A. A.	Midwest Transplant Network
John Hack	Anthony Brown (shadow)

STATE OF KANSAS

JOE PATTON
REPRESENTATIVE, 54TH DISTRICT
800 S.W. JACKSON #1414
TOPEKA, KANSAS 66612



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
JUDICIARY
HEALTH AND HUMAN SERVICES

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January 29, 2008

I testify in favor of House Bill No. 2467.

I ask you to make property tax relief a high priority. The government is putting a financial squeeze on seniors on fixed incomes. With property taxes going up every year, they are being forced to sell their homes or do without essentials to pay the taxes. We should change the system.

If you use this particular bill as a vehicle for tax relief I would suggest a few changes. The year 2006 in the statute should be changed to 2007. I would suggest that the taxpayer be allowed to use either this refundable income tax credit or the Homestead Property Tax Refund law. Other suggested changes may make the bill more acceptable. You may wish to add language that would "means test" the bill or limit its application to those on fixed incomes. You may wish to adjust the age to higher than 65. You may wish to add language to have the base year a running average of the previous five or the highest tax paid in the previous five. You may wish to add language to recover the lost revenue upon sale of the home or death of the tax payer from the sale or transfer of the land. You may wish to amend the bill to dedicate some or all of the gaming revenue to property tax relief.

Thank you so much for your time and consideration.

Joe Patton



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**Mark Desetti, Testimony
House Taxation Committee
January 30, 2008**

House Bill 2467

Also representing the Kansas Association of School Boards

Mr. Chairman, members of the committee, thank you for the opportunity to appear before you today to share our thoughts on **HB 2467**. I would like to note that I am speaking today for both KNEA and the Kansas Association of School Boards.

We are not advocating for either the passage or defeat of this measure. We would like to simply point out what we see as some of the consequences.

The tax system is like a balloon. When you squeeze one end of the balloon, the other end expands. Local units of government depend to a large extent on local property taxes to fund services to the community. This limitation on property valuations does not reduce the needs of local units of government for funding to provide those services.

While the state would not collect less in property taxes under HB 2467, this income tax credit would have a negative impact on the state's overall revenue picture. While we assume there will be no direct reduction to schools, counties, and municipalities, there could certainly be indirect reductions. As a result of this bill, the state would have fewer resources with which to serve Kansas citizens, forcing cuts to state support for those services. In turn, it is quite likely that local units of government would be called upon to make up those cuts. Since local units of government rely to a significant degree on property taxes, mill levies might increase. Might there not then be a compounding effect on income tax collections?

A second concern we have is that it treats all seniors, regardless of wealth, the same. We would suggest that not all seniors are struggling with their property tax payments. As written, the tax relief goes to all Kansas seniors not only to those who need such relief.

We would suggest that a better way to do this is to provide for some "circuit breaker" under which the credit would kick in. For example, if the valuation increase would result in a property tax bill that exceeds a certain percentage of income, then the relief would kick in. In this way, the tax benefit is targeted to those who need it and minimizes the negative impact on the state.

As a final note, we continue to believe that the legislature should make a comprehensive examination of the entire tax system to ensure that our many provisions result in a system that will provide stable funding for all state services and that is fair to both citizens and business.

TO: Members of House Tax Committee

FROM: Penny Wood, Kidney Transplant Recipient (pwood18@cox.net)

RE: House Bill 2362-Proposed Tax Deduction for Living Organ Donor

DATE: 1.30.08

The following facts relate to the issue of tax relief for living organ donors:

- The proposed deduction is for verified expenses (travel, lodging, lost wages) up to but not exceeding \$10,000.
- This is necessary as living donor programs and possibilities are increasing but may not be realized due to financial impact. There are currently efforts underway to establish a national registry for the paired donor program which could result in better matches and increase the number of transplants and living donors.
- 25% of potential living donors cannot donate due to expenses involved. Another 25% regretted their decision because of financial consequences. These facts were the results of an extensive study conducted by renal social workers.
- Neighboring states Arkansas and Oklahoma have passed this legislation and Missouri is considering this tax deduction.
- Currently 31 states have passed or are considering this type of assistance for living donors.
- Kansas currently provides paid leave for **state employees** who donate, but this does not include financial help with transportation, living expenses, etc. and there is NO provision for employees who work in the private sector.
- There are currently over 97,000 people on the national waiting list for an organ transplant and 13-15 will die every day due to the lack of available organs. In our own state, 283 are waiting for a kidney and 34 for a kidney/pancreas. We cannot afford to have potential donors financially unable to donate with numbers like these.
- This legislation could apply to all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow from living donors only.

Thank you for your time and consideration.

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Ronald R. Hein

Attorney-at-Law

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**Testimony re: HB 2362
House Taxation Committee
Presented by Ronald R. Hein
on behalf of
Midwest Transplant Network
January 30, 2008**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Midwest Transplant Network (MTN), formerly the Midwest Organ Bank, a not-for-profit corporation designated by the Centers for Medicare and Medicaid (CMS) for the purpose of providing organ procurement services to hospitals.

MTN is involved with the initial screening and coordination of anonymous living kidney donors for transplant centers in Kansas and recognizes the important role that living donors play in saving and enhancing the lives of patients in need of an organ (or bone marrow) transplant. A tax credit would help them defray direct and indirect expenses associated with giving an organ or bone marrow. Expenses such as lost workdays, hotel accommodations, travel, etc., create a disincentive to people who might otherwise donate. By encouraging more donations from living donors where it is appropriate would decrease the wait time for those on the deceased donor wait list and/or provide a transplant in time to save their life.

Thank you very much for permitting me to testify and I will be happy to yield to questions.