

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on January 29, 2003 in Room 519-S of the Capitol.

All members were present except: Representative David Huff
Representative Nancy Kirk

Committee staff present: Chris Courtwright, Legislative Research
Gordon Self, Revisor of Statutes Office
Carol Doel, Committee Secretary

Conferees appearing before the committee: Hal Hudson, NFIB
Ken Daniel, Midway Wholesale
Terry Leatherman, KCCI
Christi Caldwell, Topeka Chamber of Commerce
Scott Shmalberg, Scotch Industries

Others attending: See Attached List

First order of business was bill introductions. Chairman Edmonds recognized Representative Goico who asked for a bill to be introduced limiting property tax yearly appreciation, and limiting residential property tax increases to 1% per year. If property is sold, the selling price determines new market value, also if market has deteriorated the market valuation of property will be reduced by the county appraiser. One other thing this bill would include would be to raise the cap on assessed valuation from \$20,000 to \$30,000. Representative Goico also requested introduction of a bill stating that special taxes will not be added to lot values to determine lot appraised valuation.

With no objections by members of the committee, both bills were introduced.

Chairman Edmonds opened the floor for hearings combining **HB 2024** and **HB 2025**. Chris Wilson, KBIA Director of Governmental Affairs submitted written testimony in favor of **HB 2024**

Appearing as a proponent of **HB 2025**, was Hal Hudson State Director of the National Federation of Independent Businesses representing over 6,000 small and independent business owners in Kansas. Acting on behalf of the members of NFIB, Mr Hudson asked that the 2003 Legislature reconsider the action of the 2002 Legislature and act to reduce the burden on small businesses by rolling back the franchise tax rate to \$1.00 per \$1,000 of net worth of corporations. (Attachment 2)

Following his presentation, Mr. Hudson stood for questions from the committee.

Chairman Edmonds recognized Kenneth Daniel Chairman and C.E.O., Midway Sales & Distributing, Inc. who stood before the committee in support of **HB 2025**. Mr. Daniel pointed out that the Kansas Franchise Tax

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on January 29, 2003 in Room 519-S of the Capitol.

is the most aggressively anti-small business of all the business taxes in Kansas. He asked the Legislature to support the bill and help small businesses. ([Attachment 3](#))

Chairman Edmonds opened the floor for question from the committee.

The Kansas Chamber of Commerce and Industry was represented by Terry Leatherman, Vice-President Legislative Affairs as an opponent of **HB 2024** and **HB 2025**. In Mr. Leatherman's testimony, he listed the reasons why KCCI objects to the franchise fees which would be applied to small businesses with the passage of these two bills. He asks that the Legislature not further the problems of small businesses by increasing the taxes on the net worth of businesses as proposed in the two bills. ([Attachment 4](#))

Mr. Leatherman stood before the committee for questions.

Also appearing in opposition of **HB 2024** and **HB 2025** and representing Greater Topeka Chamber was Christy Caldwell. According to the presented testimony, **HB 2024** totally eliminates the cap on corporate franchise taxes and **HB 2025** raises the cap on franchise taxes to \$10,000, however, it reduces the rate paid. Ms. Caldwell further states she believes that there is no good reason that we would want to create a disincentive to grow Kansas businesses. ([Attachment 5](#))

Chairman Edmonds recognized questions from the committee directed to Ms. Caldwell.

Scott Shmalberg, President and owner of Scotch Fabric Care Services testified as an opponent of **HB 2024** on behalf of the Kansas Chamber of Commerce and Industry (KCCI) and the small business community of Kansas. KCCI supports the reduction in the rate of the net worth tax \$1 per \$1,000 of net worth. KCCI supports leaving the \$5,000 cap alone. KCCI opposes any additional taxes on business. ([Attachment 6](#))

With no further business before the committee the meeting was adjourned at 10:33 a.m.