

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 9, 2007 in Room 519-S of the Capitol.

All members were present except:

Representative Kenny Wilk- E

Committee staff present:

Chris Courtwright, Legislative Research Department

Martha Dorsey, Legislative Research Department

Gordon Self, Office of Revisor of Statutes

Richard Cram, Department of Revenue

Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Lee Tafanelli

Kathy K. Wagner, Jefferson County Appraiser

Paul Welcome, Kansas County Appraisers Association (KCAA) (written only)

Whitney Damron, ONEOK, Inc.

Thomas L. Byers, Magelian Midstream Partners (written only)

Mary Lyman, National Association of Publicly Traded Partnerships (written only)

David Kerr, KDOR

Others attending:

See attached list.

HB 2549 - Property taxation; relating to valuation of vessel

Chris Courtwright briefed the committee on the bill which deals only with a personal property taxation process, enacted in 2002, for watercrafts and vessels through a pro-ration scheme. He explained the background of the statute, 30-day window time line, and the assessed penalties and interests for delinquent taxes.

The Chairman opened the hearing on **HB 2549**.

Representative Lee Tafanelli, testified that the bill's intent is to simplify current law concerning property taxation of watercraft in Kansas. Eliminating the 30-day reporting window will not reduce the amount of property taxes collected but will serve both boat owners and country appraisers well by reducing the confusion surrounding this deadline. He concluded by saying that he would be glad to work with interested parties to draft a more definitive bill if necessary (Attachment 1).

Kathy K. Wagner, Jefferson County Appraiser explained that the current law is confusing at the county level, due to public unawareness of the 30-day limitation. They have made concerted efforts to educate the public through multiple methods, to achieve an accurate tax roll. She expressed concern that if that time frame is removed completely, the time line is totally open-ended and effectively alleviate that taxpayer of reporting responsibilities (Attachment 2).

It was noted that written testimony was received and submitted from Paul Welcome, KCAA, who made the suggestion the effective date and the time frame be changed (Attachment 3).

After discussion, Ms. Wagner responded that in her opinion repealing the pro-ration formula would be a better option. She voiced concern that if the bill was to become effective January 1, 2007 the information currently being distributed would be incorrect, thus creating more confusion, therefore she suggested January 1, 2008. She also suggested that December 1st or the 20th would be an more timely deadline.

David Kerr, reiterated the Committee's dilemma in 2002, and said that the problem basically can be tied to an lack of paper trail to the actual sale date of the watercraft, due to communication and process breakdown between state agencies.

The Vice-Chair closed the hearing on **HB 2549**.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 9, 2007 in Room 519-S of the Capitol.

HB 2529 - Exemption on publicly traded partnerships from certain income tax withholding requirements.

Chris briefed the committee on the bill, which is legislation similar to that approved by a number of other states to address business complexities. It has a minimal effect on the general budget.

The Vice-Chair opened the hearing on **HB 2529**.

Whitney Damron, ONEOK, Inc. said that on page 2, lines 5-7 is a proposed exemption for PTP's from the filing requirements for traditional partnerships. The proposed legislation is similar to amendments adopted by other states facing those same reporting requirements and has been drafted through efforts between the PTP's and the Kansas Department of Revenue. He introduced Steve Johnson, from ONEOK, Inc. who would be available to answer questions (Attachment 4)

It was noted that written testimony had been submitted and distributed in support of **HB 2529** from Thomas L. Byers, Magellan Midstream Partners (Attachment 5) and Mary Lyman, National Association of Publicly Traded Partnerships (Attachment 6).

Richard Cram rose in support of **HB 2529** and said the Department was in agreement with its intent.

The Vice-Chair closed the hearing on **HB 2529**.

HB 2430 - Increase of maximum refund and determination of the amount of claim under the homestead property tax refund act.

The Vice-Chair returned to discussion on the bill.

Chris Courtwright reviewed the bill, which would increase the refund from \$600 to \$750. He briefed on details and said the fiscal impact would be an additional \$22.3 million to current law, bringing the total to \$42.9 million for the total homestead program.

The Vice-Chair advised the Committee they would not vote on the bill today, but that further dialogue would result in a proposed substitute bill for review and final action at a later time. He reviewed previous amendments and motions from the March 6th meeting. Representative Tom Holland was given the floor.

Representative Holland said that in light of additional information gained from several conversations with department staff he believed it prudent to withdraw his motion that would have put a mechanism in place whereby the Department of Revenue would process Homestead refunds. Representative Goyle also withdrew his second. His motion was removed.

Representative Holland made a motion to amend this program be applicable only for homestead owners that have a maximum appraised property value of \$350,000 or less. Representative Davis seconded the motion.

Representative Treaster made a substitute motion that a five year sunset be added to the subsequent policy of Representative Hollands amendment. Representative Goyle seconded the motion. The motion carried. Representative Siegfried requested that his yea vote be recorded.

The Vice-Chair requested staff draft a substitute bill that reflects the above changes as well as provide the fiscal impact of the new bill. This substitute bill would be reviewed at later time.

The Vice-Chair closed discussion on **HB 2430** and adjourned the meeting at 10:20 a.m. The next meeting is March 12, 2007.