

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:45 A.M. on March 8, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department

Martha Dorsey, Kansas Legislative Research Department

Gordon Self, Office of Revisor of Statutes

Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

SB 375, creating the Johnson county education research triangle authority, was discussed.

Senator Schmidt moved to amend SB 375 with a technical amendment to clarify the new sales tax authority legislation applies only to Johnson County. Senator Jordan seconded the motion, and the motion carried.

Senator Donovan moved to further amend SB 375 with a technical amendment requested by KDOR to include the appropriate streamlined sales tax notice provision. Senator Pine seconded the motion, and the motion carried.

Senator Apple would like to explore making the sales tax authority option in **SB 375** available to other counties. Senator Lee would also like this issue considered in another bill. Senator Pine suggested junior colleges be included in the study.

SB 370, countywide retailers' sales tax authority for Johnson county, was discussed.

Senator Jordan moved to amend SB 370 on page 6, line 33, by deleting "and operational" and to further amend by adding " the initial tax expires after a period not exceeding 10 years". Senator Goodwin seconded the motion, and the motion carried.

Senator Apple moved to further amend SB 370 on page 2, by adding Franklin County, Miami County and Linn County, and giving them "up to one cent authority". Senator Goodwin seconded the motion, and the motion carried.

Senator Pine moved to further amend SB 370 by inserting the text from SB 278, sales tax exemption for precision farm equipment, into SB 370. Senator Donovan seconded the motion, and the motion carried.

Senator Apple moved to take the text from SB 370, as amended, and put it into SB 375, as amended. Senator Goodwin seconded the motion, and the motion carried.

Senator Jordan moved to report SB 375, as amended, favorably for passage and give the Revisor discretion to make it a substitute bill if necessary. Senator Pine seconded the motion, and the motion carried.

Sub HB 2171, requirements, procedures and penalties related to sales tax refund claims, was discussed. KDOR requested the text of **SB 334** be put into **Sub HB 2171**. Senator Lee said she was told by a reliable source the House Tax Committee is not going to act on any Senate tax bills.

Senator Lee moved to put the text from SB 334 into Sub HB 2171, and to give the Revisor discretion to make any technical amendments needed, and to make it a substitute bill, if necessary. Senator Donovan seconded the motion, and the motion carried.

Senator Goodwin moved to report Sub HB 2171, as amended, favorably for passage. Senator Donovan

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:45 A.M. on March 8, 2007 in Room 519-S of the Capitol.

seconded the motion, and the motion carried. Senator Lee agreed to carry the bill of the floor of the Senate.

SB 347, electronic filing of income tax withholding for employers with 100 or more employees, was discussed.

Joan Wagon, Secretary of KDOR, distributed the final count of employers complying with the electronic filing of W2s. (Attachment 1) In response to Senator Lee, Secretary Wagon assured the Committee KDOR will not hassle employers in the 51-100 employee bracket who are not able to file their W2s electronically, and KDOR will have software available within the year for employers who have software which needs to interface with the KDOR computer programs.

Senator Apple moved to amend SB 347 by inserting the balloon amendment suggested by KDOR. Senator Goodwin seconded the motion, and the motion carried.

Senator Apple moved to report SB 347, as amended, favorably for passage. Senator Goodwin seconded the motion, and the motion carried.

Chairman Allen reviewed IMPACT language as suggested by KDOR. (Attachment 2) She also distributed an article concerning a Missouri bill which would reward cash incentives to businesses in Missouri that create positions with above-average pay. (Attachment 3)

Rae Ann Davis, Department of Commerce, said the suggested IMPACT language would take the 20% cap on MPI off permanently. Senator Lee expressed concern the state would be encouraging businesses to hold the state hostage. She requested information on what incentives were originally given to Sprint. Chairman Allen said this information will be provided.

Senator Lee is very interested in the ozone incentive program. Senator Jordan said the Senate Commerce Committee held hearings on the ozone issue, and assured Senator Lee the Commerce Committee would be working further on it.

Senator Jordan moved to insert the IMPACT language into SB 334, make it a substitute bill if needed, and report SB 334, as amended, favorably for passage. Senator Lee seconded the motion, and the motion carried.

SB 305, Establishing the Tax Modernization Commission, was discussed. April Holman presented a balloon amendment requested by the Committee. Chairman Allen expressed she would prefer the chairperson and vice-chairperson of the Commission be selected by the Commission, as opposed to appointed by the Governor.

Senator Lee moved to adopt the balloon amendment to SB 305. Senator Goodwin seconded the motion.

Senator Allen made a substitute motion to amend SB 305 on page 2, lines 14 and 15, by changing "The Governor shall elect a chairperson and a secretary" to "the commission shall select the chairperson and vice-chairperson." Senator Donovan seconded the motion, and the motion failed.

A vote was taken on Senator Lee's original motion, and the motion failed.

No further action was taken on **SB 305.**

Senator Donovan moved to approve the minutes of the March 6 Committee meeting. Senator Pine seconded the motion, and the motion carried.

Being no further business, the meeting adjourned at 11:40 A.M. The next meeting will be March 13.