



Written Testimony in Support of House Bill 2501

House Taxation Committee Wednesday, February 1, 2012

Chairman Carlson and House Taxation Committee Members:

My name is Jennifer Bruning, and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am submitting written testimony today in support of House Bill 2501 on behalf of our Board of Directors and our nearly 1,000 member companies.

Back in early 2006 the OP Chamber was a vocal advocate for the passage of legislation which would eliminate property tax on the purchase of new business machinery and equipment. We felt that this bill, which was strongly supported by the business community, would bring about a positive change in the state's tax climate and would encourage business growth and expansion. The Legislature recognized the need for this economic development tool, and the bill was signed into law by Governor Sebelius later that year. The State of Kansas has been experiencing the fruits of the business community's successful advocacy efforts on this piece of legislation in its economic development projects ever since. At a more local level, many of the companies that have located or expanded in Overland Park have cited the M&E exemption as a key factor in their location/expansion decision making process. And I know we are not the only economic development organization in the State to hear this.

This year we were informed by a member company that out-of-state appraisers and then the Kansas Court of Appeals had deemed their trade fixtures to be real property, not personal, and thus subject to taxation. We find this ruling to be a slow erosion of the M&E exemption, which was supposed to provide a certain benefit that would help sustain or grow businesses in Kansas. The Court of Appeals decision is counterintuitive to the 2006 law's original intent, so we urge you to clarify the definition of trade fixtures as personal property, not real property, in order to preserve our ability to grow the business community in Kansas. Please support passage of House Bill 2501.