

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:40 p.m. on March 2, 2011, in Room 783 of the Docking State Office Building.

All members were present except:
Representative Powell-excused

Committee staff present:
Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Michael Wales, Kansas Legislative Research Department
Allen Jeffus, Office Assistant
Pat Bisel, Office Assistant
June Christensen, Committee Assistant, pro tem

Conferees appearing before the Committee: None

Others attending:
See attached list.

Chairman Carlson announced that Marla Morris, Committee Assistant, had been called away on a family emergency and would be gone for the remainder of the week. He also announced that there would be two bills worked today and three scheduled for tomorrow. If not finished in the two days, a meeting will be called on Friday.

Bill Introductions:

Chairman Carlson moved to introduce a constitutional amendment to eliminate the income tax and replace it with a sales tax. Representative Kleeb seconded the motion. The motion carried.

Discussion and action on:

HB 2220-promoting employment across Kansas act, qualification for benefits

Representative Kleeb distributed copies of a balloon amendment for consideration. Due to the substantive changes in the amendment, Representative Kleeb moved the amendment become the **Substitute for House Bill 2220**. The motion was seconded by Representative Goico.

Representative Kleeb reviewed the proposed changes. Richard Cram, Kansas Department of Revenue, and Gordon Self, Office of the Revisor, further clarified what changes would occur.

Discussion followed with clarification of businesses moving into Kansas and those presently located in Kansas that might expand. Fiscal implications were also discussed. Further discussion involved the definition of "qualified" as presented. Representative Dillmore requested that "qualified" be removed from the motion, which was agreed to by Representative Kleeb, maker of the motion, and Representative Goico, second of the motion. The motion carried.

Representative Kleeb closed, and moved to pass **Substitute for House Bill HB 2220**. The motion carried.

Representative Dillmore moved to accept a proposed amendment as presented that would allow growth incentive for small businesses with fewer than 100 employees. Seconded by Representative Frownfelter. the motion carried.

Representative Frownfelter moved an amendment providing a distance of more than 100 miles would be required for businesses moving to Kansas for PEAK eligibility. Seconded by Melody McCray-Miller, the motion failed.

Representative Kleeb closed and moved to pass **Substitute House Bill HB 2220**. The motion carried.

CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:40 p.m. on March 2, 2011, in Room 783 of the Docking State Office Building.

Discussion and action on:

HB 2161-retailers may choose place of business sourcing or destination sourcing as method to determine sites of taxable transactions for sales tax purposes.

Representative Kelley moved to recall HB 2161 held in abeyance, the motion was seconded by Representative Frownfelter.

Representative Kleeb moved to amend HB 2161 with the addition of “in this state” to page 2, lines 10 and 12. The motion was seconded by Representative Goico. The motion carried.

A substitute motion was made by Representative Frownfelter, and seconded by Representative Moore, to approve origin sourcing only. The substitute motion failed.

Motion by Representative Hayzlett, seconded by Representative Kelley, to accept language to remove modular homes, manufactured homes, or mobile homes from the bill. The motion carried.

Motion by Representative Brunk, seconded by Representative Schwab, to approve the bill that had been held in abeyance and as originally moved by Representative Brunk and seconded by Representative Schwab. The motion failed.

The next meeting is scheduled for 3:30 p.m., March 3, 2011, in Room 783 of the Docking State Office Building for discussion and action on:

HB 2051 - Business and job development carryforward credits under Kansas income tax act
HB 2091 - Decreasing rate of sales and compensating use tax
HB 2160 - Establishing the simplified state tax structure committee

The meeting was adjourned at 4:58 p.m.

Respectfully submitted,

June Christensen
Committee Assistant, pro tem