

MINUTES OF THE SENATE ASSESSMENT & TAXATION COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 12:00 p.m. on March 30, 2011, in Room 152-S of the Capitol.

All members were present except:

Chairman Les Donovan – 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
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Kent Eckles, Vice President of Public Affairs, The Kansas Chamber
Jennifer Bruning, Overland Park Chamber of Commerce
Ron Gaches, on behalf of Sprint
John Idoux, Century Link
Denise Walsh, Hills Pet Food

Others attending:

See attached list.

Vice-Chairman Apple opened the meeting explaining the reason of this meeting is to discuss bills passed out of the House last Thursday and Friday. He began with a hearing on **HB 2392 concerning setoff against certain debtors; relating to federal department of the treasury, agreements, procedure and fees; amending K.S.A. 75-6204 and K.S.A. 2010 Supp. 75-6202 and repealing the existing section.** Scott Wells, Office of the Revisor of Statutes, explained what this bill does. Richard Cram, Director, Kansas Department of Revenue told the committee this bill allows for cooperation between federal and state governments in regard to collection of state or federal delinquent debts. The federal treasury department and the Kansas Department of Administration will check identifying information against various databases of payments that are scheduled to be made. When a match is found between a person or entity that is to receive a payment and a person or entity that owes debt, the creditor agency will receive those payments instead of the delinquent party. This setoff will be used only in cases where other collection efforts have proven ineffective. (Attachment 1) Seeing no further questions on this bill, Vice-Chairman Apple closed the hearing. He then asked if the committee was ready to take action on this bill. Sen. Kelsey made a motion to move HB 2392 favorably out of committee. Sen. Lynn seconded. The motion carried.

The next order of business was **HB 2157 Concerning the disclosure of tax information to the state treasurer for the purpose of locating unclaimed property owners.** This bill is much the same language as **SB 116 Unclaimed property; disclosure of tax information to the state treasurer.** Vice-Chairman Apple asked the committee what they wished to do with this bill. Sen Lynn moved that the bill be move out of committee favorably. Sen. Kelsey seconded the motion. The motion carried.

Vice-Chairman Apple moved on to an informational hearing on **SB 61 Increasing income tax credit for contributions made by program contributors under the individual development account program.** The bill has been amended by the House. Ken Eckles, Vice President of Public Affairs, The Kansas Chamber, told the committee this bill provides three changes needed. This bill allows a corporation with multiple unitary groups to apply existing HPIP credits against the tax liability of any member of its group in their combined tax report. This bill also extends the deadline for corporations to claim existing HPIP credits from ten to sixteen years. And lastly, this bill will simplify the re-certification process a company must undergo before utilizing the tax credits. (Attachment 2)

Jennifer Bruning, Overland Park Chamber of Commerce spoke on behalf of their board of directors and nearly 1,000 member companies. She spoke to the committee giving much the same message as Mr. Eckels. She said passage of this bill would show Kansans everything in the Legislature's power is being done to encourage job creation by bringing more capital investment into the State. (Attachment 3)

The next proponent of this bill was Ron Gaches who spoke on behalf of Sprint. He explained the tax

CONTINUATION SHEET

The minutes of the Senate Assessment & Taxation Committee at 12:00 p.m. on March 30, 2011 in Room 152-S of the Capitol.

credits through HPIP are given to taxpayers that make a significant investment in Kansas and meet some relatively stringent criteria, such as higher wages to the employees. Now, if the credits are not used within ten years, they expire, and the credits are lost. This bill will extend the time to use the tax credits from ten years to sixteen years. (Attachment 4) John Idoux with CenturyLink's Kansas Government Affairs team, was next to speak. He told the committee that modifying the HPIP to allow greater flexibility and workability for tax credits previously earned will allow CenturyLink and other Kansas companies to continue to invest in Kansas. (Attachment 5) Denise Walsh represented Hill's Pet Nutrition, Inc. She is the Director of Corporate Taxes. She said this bill, as it stands in this committee today, will strengthen the current HPIP program and accelerate availability of funds for companies to reinvest in Kansas. She asked the committee, and the entire Senate, to concur with the House amendments. (Attachment 6)

Secretary of Revenue, Nick Jordan, sent written testimony to the committee. He said this bill is intended to keep companies moving forward in Kansas during a time of economic challenge. (Attachment 7)

Others who provided written testimony urging passage of this bill were Christy Caldwell, Vice President Government Relations for the Greater Topeka Chamber of Commerce (Attachment 8); Angela Pitale, Director of Tax for NextEra Energy Resources, LLC (Attachment 9); John Woodfill, Senior Vice President of Ash Grove Cement Company (Attachment 10); Bill Boisture, Chairman and CEO of Hawker Beechcraft (Attachment 11); and Mark Schreiber, Director of Public Affairs for Westar Energy (Attachment 12). Vice Chairman Apple closed the hearing on **SB 61**.

The committee moved on to discussion on **House Sub SB 1 Concerning taxation; relating to income tax rates, adjustment, procedure and requirements and replacing the existing section.** Chris Courtwright, Kansas Legislative Research Department, spoke to changes made to the Senate bill in the House. He said this bill was not materially altered. Sen. Bruce distributed a brief summary of the information he had requested about this bill from the Department of Revenue earlier today. (Attachment 13)

Vice Chairman Apple thanked the committee for their patience, and closed this meeting of the committee.

The next meeting will be on the call of Vice Chairman Apple if needed.

The meeting was adjourned at 1:04 p.m.