

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 15, 2005 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Virgil Peck, Legislator
Representative Shari Weber, Legislator
Representative Sharon Schwartz, Legislator
Barry Schmidt, Citizen
*Stephanie A. Richardson, City of Coffeyville,
*written testimony only

Others attending:

See attached list.

The Chairman opened the floor for bill introductions.

Representative Larkin made a conceptual motion to introduce a bill regarding a property tax relief measure. Representative Thull seconded the motion. The motion carried.

Representative Brunk made a motion to introduce a bill regarding a direct transfer of dollars for adult basic education from public schools to technical colleges. Representative Goico seconded the motion. The motion carried.

Representative Davis requested a bill introduction that relates to a KPERS death benefit for employees. Representative Thull seconded the motion. The motion carried.

HB 2308 - Determination of income for homestead property tax refund purposes.

Mr. Self explained that the system was established in 1970 and provided income tax credits and refunds for low-income homeowners, renters that are 55 years or older, disabled or have a dependent child under 18, living with them. The amendment in the bill is the provision related to the formula used to determine the income, and definition of income, as it relates to the amount of property taxes paid. This bill specifically excludes from the calculation of income two types of disability payments (1) disability under the railroad retirement act and (2) veterans disability payments. The fiscal note for 2006 would be \$100,000.

The Chairman opened the public hearing on **HB 2308.**

Representative Weber, co-sponsor of **HB 2308**, appeared in support of the bill, and stated that at the present time, the statute excludes social security disability payments; however, veterans disability compensation is included (Attachment 1).

Representative Schwartz, co-sponsor of the bill rose in support of **HB 2308**. This bill is a result of people asking why the Homestead Act treat V.A. disability compensation for service connected injuries as real income when Federal law declares otherwise. This is an issue of equity and she urged favorable consideration of the bill (Attachment 2).

Barry Schmidt rose in support of **HB 2308 (No written testimony)**. He told his personal story of war injuries that left him disabled. He urged the Committee to pass the bill.

The Chairman closed the hearing on **HB 2308.**

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 15, 2005 in Room 519-S of the Capitol.

HB 2288 - Eliminate driver's license number requirement on sales exemption certificates.

Mr. Self explained the origin of sales exemption certificates and how they worked. Currently exemption certificates require, when presented by a non-profit entity, a signature of an officer, manager or administrator as well as their driver's license number.. This bill is a six word change that would strike ~~driver's license number of the signer~~ and insert *tax identification number of the entity* on page 2, lines 24 and 25. There would be no fiscal note on this bill.

The Chairman opened the public hearing on **HB 2288.**

Representative Peck, Jr. rose in support of **HB 2288** (Attachment 3).He stated that he understood the Department of Revenue had received a large number of complaints regarding this issue and would be supportive of this change. He called attention to written testimony of Stephanie A. Richardson, CPA, Finance Director of the City of Coffeyville, who stated that she along with other city officials, supported this amendment (Attachment 4).

The Chairman closed the hearing on **HB 2288.**

HB 2195 - Increasing allowable amount of homestead property tax refund.

Mr. Self explained that the bill was a recommendation from the Silver Haired Legislation regarding the maximum homestead property tax refund an individual could receive based on their income. Currently it is \$600 and this legislation would be a graduated increase over four years to \$1,000. The fiscal note would be \$1.2 million FY 07, \$2.5 million FY 08, \$3.7 million FY 09, and \$4.6 million FY10.

The last increase was in 1997 from \$500 to \$600. They discussed whether the program had kept up with inflation.

The Chairman opened the public hearing on **HB 2195.**

There were no proponents or opponents that rose to testify.

The Chairman closed the hearing on **HB 2195.**

The Chairman queried the Committee to ascertain if any members had an objection to consider taking action on **HB 2288.** Hearing none he opened the floor for discussion.

Representative Gordon made the motion that they move **HB 2288** out favorably for passage. Representative Owens seconded the motion. The motion carried.

The Chairman queried the Committee to ascertain if any members had an objection to consider taking action on **HB 2308.** Hearing none he opened the floor for discussion.

Representative Owens made the motion that they move **HB 2308** out favorably for passage. Representative Brunk seconded the motion. The motion carried.

HB 2222 - Establishing the individual development account program

The Chairman opened the floor for discussion of the bill.

Representative O'Malley provided information on the following topics: Source of money's that flows into the IDA program; process of income tax deductions on a state or national level; oversight administered by Department of Commerce; fiscal note of \$.5 million; education proponent of the program and benefits to community from the IDA program

The Chairman questioned whether a diagram outlining how the tax credit program worked had been prepared

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 15, 2005 in Room 519-S of the Capitol.

by the Department of Revenue for the Committee's review. They were to follow-up.

Representative O'Malley explained a balloon that addressed concerns raised during the hearing on **HB 2222** (Attachment 5). The amendments follow:

- Page 3, line 41 - an amendment that would allow the Department of Commerce to consider the amount of money that local non-profits could use for administrative costs when determining which group would receive tax credits
- Page 4, line 5 - an amendment that states that the income level is measured when the participant enters the program
- Page 4, line 41 - an amendment that referenced that no more than 30% of an account holder's annual personal income could go into their IDA savings account
- Page 5, line 4 - an amendment that extended the payback time to 12 months when funds are withdrawn for emergency situation
- Page 5, lines 31, 37, 38, 39 and 40 - The Department of Commerce is charged to administer the program thus, at the recommendation of the Department of Revenue, an amendment regarding the language involving responsibilities of the Secretary or Department of Revenue was changed or struck.
- Page 5 & 6 - Section (d) - an amendment that struck language that allowed credits to be transferred

Representative O'Malley made the motion to move the balloon amendments as presented. Representative Carlin seconded the motion.

Discussion followed regarding the time frame an individual had to payback any emergency withdrawals, the definition of income and transferability of tax credits.

Representative O'Malley closed and moved his motion. The motion carried.

Representative Goico made the motion that participants in the IDA Program would have the same number of months to repay the withdrawal funds as they have been participating in the program. The motion was seconded by Representative Carlin.

Representative Goico withdrew his motion.

Representative Treaster moved that the February 1,2,3,4, & 8 minutes be approved. Representative Thull seconded the motion. The motion carried..

The meeting adjourned at 10:25 a.m. The next meeting is February 16, 2005.