

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 2, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department

Gordon Self, Office of Revisor of Statutes

Kathy Beavers, Office Assistant

Conferees appearing before the committee:

Representative Pat Colloton

Richard Cram, Department of Revenue

Barney White - Citizen, Leawood, Kansas

Others attending:

See attached list.

The Chairman called for bill introductions.

Representative Anthony Brown requested a bill introduction on an element of the **HB 2495** balloon and requested that a separate bill be created on the balloon. Motion was seconded by Representative Carlson. The motion carried.

The Chairman noted that **HB 2495**, as amended, passed March 1, 2007. At the request of the chair the public hearing on **HB 2495**, as amended, will be reopened in the future. He requested that anyone interested should sign up to testify. Copies of the amendment are available through Legislative Research Department or Chairman Wilk's office.

HB 2514 - Income tax credit for income tax paid to another state to be determined without regard to any credits allowed by such state.

Gordon Self reviewed **HB 2514**. If passed, the amount of tax paid would be paid on amount of tax credit incurred.

Representative Pat Colloton testified in support of **HB 2514** (Attachment 1). She stated that the bill would encourage residents to donate to Kansas charities who support many Kansas medical and charitable non-profit organizations. For example, non-residents that work in Kansas would be allowed, when computing their Kansas income tax credit for the taxes paid to other states, to no longer be required to base such credits on the final liability after all income tax credits claimed in other states. This provides a reduction in their Kansas income tax liability to the extent of the credits claimed by Kansas taxpayers in other states.

Barney White, CPA, Leawood, Kansas, testified in support of **HB 2514**. He stated that the bill corrects the Kansas Individual Income Tax to allow state tax credits to have the same benefit to individuals that are currently provided to Kansas Corporate Income Tax payers (Attachment 2). The significance of this correction will result in additional funds being available from non-resident individual Kansas Income Taxpayers to financially contribute to Kansas economic and social programs that have been allocated various Kansas state tax credits.

Richard Cram, Kansas Department of Revenue (KDOR), reviewed the fiscal note for **HB 2514** (Attachment 3). He testified in opposition to the passage of **HB 2514** which could reduce fiscal year 2008 state general fund revenues by about \$5.4 million. Mr. Cram stated there approximately 135,000 Kansas residents who claim credit for taxes paid to other states. A KDOR annual report is compiled that shows how many filers claimed tax credits and how many were allowed.

It was recommended that the outcomes, time lines or sunsets be included in any tax credit that is passed. It was also recommended that reciprocity be included.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 2, 2007 in Room 519-S of the Capitol.

The Chairman closed the public hearing on **HB 2514**.

HB 2430 - Increase of maximum refund and determination of the amount of claim under the homestead property tax refund act.

Secretary Joan Wagon, Kansas Department of Revenue (KDOR), distributed information regarding problems and solutions the department finds with the Homestead Refund System (Attachment 4). The Homestead Claim Booklet was handed out to the committee (Copy on file with Legislative Research Department and KDOR.)

A balloon on **HB 2430** was distributed (Attachment 5). Gordon Self explained the changes to the matrix that goes into the calculations of what a claimant is entitled to under the Homestead Property Tax Refund Act. The provisions for the increase in amounts is also returned to current law so that the upper threshold is subject to change based on CPI, etc. He also reviewed the changes and additions that were made, per the Interim Committees recommendation.

There is not an asset test provision in the balloon. Discussion ensued. Representative Menghini asked if the balloon would be retroactive to the people 67 but were on disability at the age of 65 and how would that affect them? Richard Cram stated that he would calculate what the fiscal note would be if this was amended.

Chairman Wilk moved to adopt the balloon as written. Representative Tim Owens seconded the motion. The motion passed.

Representative Nile Dillmore made a motion that the balloon be amended to read that the bill be retroactive to include people that were on disability at age 65 and were not eligible due to social security income used in the total net income calculation.

The motion was seconded by Representative Julie Menghini.

Chairman Wilk requested that Gordon Self and Chris Courtwright draft a balloon, that addressed all changes, to be reviewed at a later meeting.

Chairman Wilk adjourned the meeting at 10:45 a.m. The next meeting is March 6, 2007.