

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 29, 2008 in Room 519-S of the Capitol.

All members were present except Representative Peck - Excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Ryan Hoffman, Legislative Research Department
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Hank Avila, Legislative Research Department
Deb Miller, Secretary of Transportation

Others attending:

See attached list.

The following bill introductions were requested:

Representative Powell requested a bill introduction pertaining to coins and precious metals. Representative Wilk moved the motion, seconded by Representative Owens, The motion carried.

Representative Owens requested the introduction of the following three bills:

- A bill pertaining to immigration. The concept is that any business owner that knowingly hires an illegal immigrant would lose any current tax exemptions. Representative Carlson seconded. The motion carried.
- A bill to introduce a resolution to the federal government that would request the federal government consider the same approach for business owners as listed above. Representative Carlson seconded. The motion carried.
- A bill to introduce a resolution to change the US Constitution regarding the way we approach children born in this country. That children, born in the US, would have the same status as their parents, instead of becoming an automatic US citizen. Representative Carlson seconded. The motion carried.

Representative Siegfroid requested the introduction of the following four bills:

- An expensing bill through the Committee. Representative Wilk seconded. The motion carried.
- A bill regarding a reimbursement for collection of sales tax. Representative King seconded. The motion carried.
- A bill that would allow the option of destination of origin sourcing for businesses in Kansas. Representative Carlson seconded the motion. The motion carried.
- A bill pertaining to property tax that is statutory, not constitutional. Representative Wilk seconded. The motion carried.

The Chairman turned the Committee's attention to the subject of Motor Fuel Taxes. He thanked Secretary Miller for the presentations at the joint session of Taxation and Transportation on Monday, January 28th. He said the speakers provided an informative look at the transportation issues and challenges of tomorrow.

The Chairman invited Hank Avila, Kansas Legislative Research Department, to provide a statutory review of motor fuel taxation. Mr. Avila distributed two spreadsheets; the first reflected data on Kansas motor

CONTINUATION SHEET

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fuel tax receipts and selected rates for selected years. The second is a memorandum from KDOR, which gives a contextual view of fuel taxes. (Attachment 1).

Mr. Avila reviewed a memorandum, provided Bruce Kinzie, Office of the Revisor, regarding the statutory history of motor-vehicle fuel tax(Attachment 2). The first motor fuel tax was enacted in 1926. He reviewed the incremental changes in the motor-vehicle tax laws to date. He answered questions regarding future projections, etc. In conclusion, he stated that two years ago Texas established a task force charged with developing new ways to save money on highways. As a result, they produced a whole series of recommendations. He suggested the Committee might be interested in their findings.

Secretary Miller returned to the podium to elaborate on issues presented at yesterday's hearing. She expressed appreciation for the opportunity to step back and explore future transportation challenges for the state and nation.

In response to a question about the \$.40 motor fuel tax increase quoted at yesterday's meeting; she explained how that number was determined. A study commission in Washington D.C. released its report, based on considerable analysis, derived from data from a variety of sources. That commission projected that, as a nation, we should be spending this much money, compared to what we are spending today. Large increases were recommended in order to fill that gap. The \$.40 quote represents the high side of their scale. The ratio of dollars spent on roads is approximately 40 % federal and 60% state and local. KDOT administers the federal funds as well as state funds. She explained the funds spent on major Kansas highway improvements and additions, which were totally funded by Kansas.

She discussed the looming crisis on local road systems, particularly in the rural areas of the state. Kansas has a large amount of old public roads, built when there were few natural impediments that will become an ever increasing maintenance expense for local and state governments. Increased activity of railroads in rural areas is another issue the state needs to address.

Discussion followed regarding: Vehicle Mileage Tax (VMT) ; Impact of weight and size of vehicles on roads; Future use of a Global Positioning System (GPS); Impact of increased traffic due to increased growth in Johnson County; Alternative roadways; and Use of tolling mechanisms on certain roads..

Discussion ensued regarding the importance of options such as light rail and rapid bus transit. Ms. Miller stated she would provide information on the number of riders required to provide a profitable return on investment.

The Chairman thanked Ms. Miller for her input. The meeting adjourned at 10:30 a.m. The next meeting is January 30, 2008.