



Written Testimony in Support of House Bill 2285

House Taxation Committee Thursday, February 21, 2012

Chairman Carlson and House Taxation Committee Members:

My name is Jennifer Bruning, and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am submitting written testimony today in support of House Bill 2285 on behalf of our Board of Directors and our nearly 1,000 member companies.

In early 2006 the OP Chamber was a vocal advocate for the passage of legislation which would eliminate property tax on the purchase of new business machinery and equipment. We felt that this bill, which was strongly supported by the business community, would bring about a positive change in the state's tax climate and would encourage business growth and expansion. The Legislature recognized the need for this economic development tool, and the bill was signed into law by Governor Sebelius later that year. The State of Kansas has been experiencing the benefits of this bill's passage with job creation throughout the State. At a more local level, many of the companies that have located or expanded in Overland Park have cited the M&E exemption as a key factor in their location/expansion decision-making process. Our economic development colleagues across the State have told us they hear the same thing from their companies.

Last year we were informed by a member company that out-of-state appraisers and then the Kansas Court of Appeals had deemed their trade fixtures to be real property, not personal (as it had been declared in past appraisals), and thus subject to taxation. We find this ruling to be a slow erosion of the M&E exemption, which was supposed to provide a certain benefit that would help sustain or grow businesses in Kansas. The Court of Appeals decision is counterintuitive to the 2006 law's original intent, so we urge you to clarify the definition of trade fixtures as personal property, not real property, in order to preserve our ability to grow the business community in Kansas.

We urge you to please support passage of House Bill 2285. Thank you for your consideration.