

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Chairman Edmonds at 9:00 a.m. on February 20, 2002 in Room 519-S of the Capitol.

All members were present except: Representative T. Powell, excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor  
Mary Best, Secretary

Conferrees appearing before the Committee: Rep. Findley  
Rep. Bethell  
Larry Magill, Kansas Association of Insurance Agents

Others Attending: See attached list.

By unanimous consent bill will be introduced at the request of the Kansas Taxpayers' Network to require approval by a majority of the electors before school districts raise property taxes.

By unanimous consent bill will be introduced at the request of the Kansas Taxpayers' Network to require approval by a majority of the electors before cities raise property taxes.

By unanimous consent bill will be introduced at the request of the Kansas Taxpayers' Network to require approval by a majority of the electors before counties raise property taxes.

By unanimous consent bill will be introduced at the request of the Kansas Taxpayers' Network to amend the Constitution to require approval by a two-thirds vote of both houses of the legislature or, if provided by law, a majority of the electors, before raising any taxes.

**The Chairman opened simultaneous hearing on two bills**

**HB 2383 - Income tax deduction for long-term health care insurance premiums;**

**HB 2685 - Income tax credit for long-term health care insurance program**

Representative Bethell presented testimony in specific support of **HB 2685** (Attachment #1). He stated the concern this year about funding the programs of the state with the current revenue is just a prediction of what will be the issue yet to come. When the figures of the Kansas Department of Aging are analyzed it becomes apparent that the cost of Long-Term Care in Kansas for those who receive assistance is growing at a rate that cannot be sustained. **HB 2685** would encourage individuals to at least consider their personal responsibility for the care they desire in the future by providing a tax credit for those who purchase a qualified long-term care insurance contract. The bill also includes a sliding scale based on age providing an enticement for employers to consider making long-term care insurance a part of their benefit package.

Representative Bethell responded to questions.

Representative Findley presented testimony in support with specific reference to **HB 2383** (Attachment #2). He noted the issue of long-term care is becoming of more and more concern at all levels of government all across the country. Legislators are becoming increasingly concerned about the state's ability to pay for long-term care. **HB 2383** provides an incentive to purchase long-term care insurance by establishing a deduction not to exceed \$2,000 of the premium costs for a qualified long-term care insurance contract as defined in the Federal Internal Revenue Code. Fiscal Note issued last year for **HB 2383** estimated that individuals deducting \$2,000 could reduce their Kansas tax liability by a maximum of \$129 and estimated the total fiscal impact on the State General Fund would be \$7.1 million. Representative Findley noted that providing incentives for purchase of long-term health care insurance would encourage purchase of policies at a younger age at a lower premium.

## CONTINUATION SHEET

Larry Magill presented testimony in support of **HB 2383** and **HB 2685** on behalf of the Kansas Association of Insurance Agents (Attachment #3). Included in his testimony was information that Long Term Care as a life industry product is still relatively new and has never fulfilled its promise. It has not been bought in the volume that the industry anticipated. It is a coverage that has to be sold. Many people feel that they will simply run their funds out, give them away to the children or spend them on nursing home costs, if they live long enough. He believes an income tax incentive, either in the form of a tax credit or a tax deduction, will be a huge step in encouraging people to buy long-term care insurance which will reduce Medicaid expenditures and benefit the state far more in the long run.

The hearing on **HB 2383** and **HB 2685** was closed.

The meeting adjourned at 9:30 a.m. The next scheduled meeting will be February 21.