

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:40 a.m. on March 5, 2001, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list.

The minutes of the February 27 and 28, 2001, meetings were approved.

Chairman Corbin began a discussion of a previously heard bill, **SB 332**, which establishes the individual development account (IDA) program and individual development account reserve fund. He called attention to the corrected fiscal note on the bill which indicates there would be a \$300,000 reduction in state revenues and an increase of \$58,000 in administrative costs to the Department of Revenue.

Don Hayward, Revisor of Statutes Office, suggested two technical amendments. The first would strike “,including federal grants,” on page 2, lines 8 and 9, and move the reference to line 1 by inserting after the period, “Such fund may include federal grant funds.” The second would strike “Direct” on page 4, line 29, and insert “are hereby directed” on the same line before “to”.

Senator Jenkins moved to adopt the technical amendments to **SB 332** suggested by Mr. Hayward; to adopt the amendments recommended by SRS to clarify that SRS will have no contractual expense in recruiting or maintaining a community based organization or financial institution willing to administer the program and that SRS is under no obligation to provide matching funds at any ratio if sufficient outside IDA reserve fund contributors are not found; to strike “400%” on page 3, line 20, and insert “300%”, and to strike “\$4,000,000” on page 5, line 6, and insert “\$500,000”, seconded by Senator Goodwin. The motion carried.

Senator Allen moved to amend **SB 332** by striking “financial institution” on page 5, line 23, and inserting “community based organization”, seconded by Senator Jenkins. The motion carried.

In accordance with a suggestion by Mr. Hayward, Senator Jenkins moved to change the title of **SB 332** by inserting “for assistive technology” after “program” on page 1, line 9, and to change the citing on page 1, line 14, by inserting “for assistive technology” after “program”, seconded by Senator Praeger. The motion carried.

Senator Goodwin moved to recommend **SB 332** favorably for passage as amended, seconded by Senator Praeger. The motion carried.

Chairman Corbin opened discussion on another previously heard bill, **SB 231**, an act establishing the family development account program and family development account reserve fund. He called attention to the revised fiscal note which attributes \$684,000 in reduced revenue and approximately \$160,000 to administrative costs (\$60,000 one time start up costs and \$100,000 on going).

Senator Haley moved to amend **SB 231** by striking “financial institution” on page 3, line 19, and inserting “community based organization”, seconded by Senator Allen. The motion carried.

Senator Haley moved to amend **SB 231** by striking all after “for” on page 2, line 9, and striking “business capitalization” before the period on line 10 and inserting “in purposes enumerated by Section 4”, seconded by Senator Clark. The motion carried.

#### CONTINUATION SHEET

Senator Donovan began a discussion regarding tax exemption for earnings from IDAs. Mr. Hayward noted that the existing IDA does not exempt from privilege tax the earnings of the financial institution that has a custodial account. If the intent is to allow an exemption, the “not-for-profit” basis phrase should be stricken. Mr. Hayward agreed that the same would apply to **SB 332**.

Senator Clark moved to reconsider the action taken on **SB 332** and to amend the bill by striking the “not-for-profit” language in appropriate places, seconded by Senator Jenkins. The motion carried.

Senator Allen moved to amend **SB 332** by striking the phrase “economic education” in all places it appears and inserting “economic literacy”, seconded by Senator Jenkins. The motion carried.

Senator Clark moved to recommend **SB 332** favorably for passage as further amended, seconded by Senator Haley. The motion carried.

The committee’s attention was returned to **SB 231**.

Senator Clark moved to amend **SB 231** by striking the “not-for-profit” language in appropriate places, seconded by Senator Haley. The motion carried.

Senator Clark moved to amend **SB 231** by striking “contributed” on page 1, line 39, and inserting “designated”, seconded by Senator Lee. The motion carried.

Senator Lee moved to amend **SB 231** by deleting “\$4,000,000” and inserting “\$500,000”, seconded by Senator Haley. The motion carried.

Senator Haley moved to recommend **SB 231** favorably for passage as amended, seconded by Senator Clark. The motion carried.

Chairman Corbin opened the discussion on a previously heard bill, **SB 177**, concerning the regulation and taxation of new independent power producer property. For the Committee’s information, Senator Clark distributed copies of the February 19, 2001, minutes of Senate Utilities Committee which include the motions to amend **SB 177**. Senator Lee commented that, although passage of the bill would result in more jobs and electric generation in Kansas, it does not guarantee that the new generation will be available to Kansans. Senator Corbin commented that, once electricity goes out on the grid, it seeks the path of least resistance; and increased kilowatts in the system will somewhat guarantee that the state will be less subject to a brown-out. Senator Clark commented that the purchase of electric generation would cost less from a power producer located in Kansas than if it is purchased from another location. Senator Donovan observed that, if more energy is produced, eventually the price will come down. In addition, he pointed out that more tax will be collected by the state even if none of the electric generation is consumed in Kansas. Senator Pugh acknowledged that the law of supply and demand works, but pointed out that there is no guarantee on how long it will take to work. He is concerned that Kansas, as a low cost producer, will have to go up in its cost to meet the many others whose costs are high to meet them coming down.

Senator Clark moved to recommend **SB 177** favorably for passage, seconded by Senator Donovan. The motion carried with Senators Lee and Pugh voting “No.”

The meeting was adjourned at 11:35 a.m.

The next meeting is scheduled for March 6, 2001.