

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Vice-Chairman Les Donovan at 10:30 A.M. on March 9, 2005 in Room 519-S of the Capitol.

All members were present except:

Barbara Allen- excused
Pat Apple - excused
Derek Schmidt - excused

Committee staff present:

Gordon Self, Revisor of Statutes
Chris Courtwright, Legislative Research
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee:

Barb Hinton, Legislative Post Audit
Representative Huntington
Representative Gordon
Scott Allegucci, Director of Travel & Tourism, Kansas Department of Commerce
Barbara Nash, Chairman, Kansas Film Commission
Jim Graham, VP, Sales & Marketing for QuVIS Inc.
Larry Garrett, Allegro Media

Written testimony

Hoite C. Caston, Writer, Producer, Director (DGA), Videographer, Editor, Broadcast Consultant
Radio, Television & Film
Mike Robe, President, Mike Robe Productions, Inc., and Jayhawk Productions, Inc.
Clark Balderson and Steve Balderson, Dikenga films, Wamego, KS
Ronald Parker, Producer and Writer of Movies and Miniseries
Doug Curtis, Line Producer in the Movie Industry

Others attending:

See attached list.

Hearing on:

HB 2443- Kansas film production investment tax credit act
and
HB 2444 - Kansas film production tax credit act

Chairing the Committee meeting today, Senator Donovan, Vice-Chair, opened the hearing on **HB 2443** and **HB 2444**. Chairman Donovan stated the Committee would hear from Representative Gordon and Representative Huntington first as both had commitments in the House.

Representative Gordon testified in support of **HB 2443** and **HB 2444**. Rep. Gordon stated she had chaired a sub-committee named "Lights Camera Action". The sub-committee involved Kansas Inc., in conducting a feasibility study, heard further presentations from film makers and producers. The subcommittee composed these two bills (Attachment 1).

Testifying as a proponent on **HB 2443** and **HB 2444**, Representative Huntington commented the two bills are a culmination of collaboration between the film commission, Kansas Connection, and the "Lights Camera Action" subcommittee of the House Economic Development Committee. Representative Huntington presented a balloon amendment for the Committee's consideration on **HB 2443**.

Chairman Donovan paused the hearing on **HB 2443** and **HB 2444** stated the hearing would continue after the

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hearing on **HB 2031**.

HB 2031 - Legislative division of post audit, certain statutory auditing and reporting duties for income tax abatements

Chairman Donovan opened the hearing on **HB 2031**, and welcomed Barb Hinton, Legislative Post Auditor, to the Committee. Ms. Hinton appeared on behalf of the Legislative Division of Post Audit and the Legislative Post Audit Committee as a proponent to the bill. **HB 2031** would remove the requirement that Legislative Post Audit “take any audit steps” necessary to ensure that the tax abatements the Secretary of Revenue reports to the Post Audit each year are made in accordance with the law and to issue a report to the Legislature at least once every three years on Post Audit’s findings (Attachment 3).

There being no others to testify on **HB 2031**, Chairman Donovan closed the hearing.

Chairman Donovan brought the Committee’s attention back to the hearing on **HB 2443** and **HB 2444**.

Jim Graham, Vice President, Sales and Marketing for QuVIS Inc., appeared before the Committee presenting testimony in support of **HB 2443** and **HB 2444** (Attachment 4).

Testimony given in support of **HB 2443** and **HB 2444** was given by Barbara Nash. Ms. Nash has worked in the television industry for 25 years and is currently the chairman of the Kansas Film Commission. Ms Nash included a current copy of the incentives offered by other states and recent articles that confirm the rewards those incentives have created for the states that adopted them (Attachment 5).

Larry Garrett, Allegro Media, appeared in support of **HB 2443** and **HB 2444**. Mr Garrett stated he believe there are two basic principles to keep in mind.

- 1) The need to be more than competitive with other states.
- 2) The incentives have to provide some level of up front financing (Attachment 6).

Chairman Donovan recognized Scott Allegrucci, Director of Travel & Tourism, Kansas Department of Commerce. Mr. Allegrucci appeared as neutral on **HB 2443** and **HB 2444** (Attachment 7).

Secretary Wagon of the Kansas Department of Revenue stated that although she didn’t have the expertise to speak about the film industry, she is knowledgeable in the area of Kansas tax codes and amendments. As the bills are currently written, the Department would oppose them. **HB 2443** and **HB 2444** have provisions in them that don’t match other items in the tax code. No written testimony was given by Secretary Wagon.

There being no others to testify on **HB 2443** and **HB 2444**, the hearings were closed.

The following submitted written testimony in support on **HB 2443** and **HB 2444**.

Hoite Caston, Writer, Producer, Director (DGA), Videographer, Editor, Broadcast Consultant Radio, Television & Film (Attachment 8).

Mike Robe, President, Mike Robe Productions, Inc., Jayhawk Productions, Inc. (Attachment 9).

Clark Balderson and Steve Balderson, Dikenga Films (Attachment 10).

Ronald Parker, Producer and Writer of Movies and Miniseries (Attachment 11).

Doug Curtis, Line Producer in the Movie Industry (Attachment 12).

A handout was given to the Committee from Alan Pollom, The Nature Conservancy (TNC). Mr. Pollom offered TNC services in developing alternative approaches to developing renewable energy facilities that also address the need to preserve lands of high ecological value across the state (Attachment 13).

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The minutes of January 25 were approved on a motion by Senator Jordan. Senator Goodwin seconded the motion. The motion carried.

The meeting adjourned at 12:05 p.m.