

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:30 am on Thursday, February 04, 2016, 548-S of the Capitol.

All members were present

Committee staff present:

David Wiese, Office of Revisor of Statutes
Shirley Morrow, Legislative Research Department
Dezeree Hodish, Legislative Research Department
Bobbi Mariani, Legislative Research Department
Mark Savoy, Legislative Research Department
Debbie Luper, Chief of Staff
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Nick Jordan, Secretary, Kansas Department of Revenue
Steve Stotts, Director of Taxation, Kansas Department of Revenue
Michael Austin, Financial Economist, Kansas Department of Revenue

Others in attendance:

[See Attached List](#)

Bill introductions

There was no introduction of proposed legislation.

On a Point of Personal Privilege:

Senator O'Donnell introduced three students from his district, Paola Ramirez-Pena, Andy Tatum, and Collin Willis, from Wichita North High School, who were his shadows for the day at the Kansas Capitol.

Update on:

Nick Jordan, Secretary, Kansas Department of Revenue, presented an Update on Revenue Receipts and the Kansas Economy with an overview of Kansas' current tax policy, He said 80 percent of Kansans use the standard deduction and 388,000 of the lowest income Kansans have been removed from the income tax rolls and now have zero tax liability.

Steve Stotts, Director of Taxation, explained the graphs that compared State revenues for the past several years. He also presented graphs that showed and compared revenues of the other states surrounding Kansas.

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Senator Kelly inquired why Colorado was not included in the comparisons. Mr Stotts said the states that were compared were those in the region more comparable to Kansas' oil and agriculture industries. Colorado's economy is not primarily related to those industries.

Michael Austin, Financial Economist, Kansas Department of Revenue, reviewed and explained a presentation with graphs that showed Kansas Economic Activity which included Economic Headwinds, Consumer Spending and Sales Taxes. He said despite the depiction by the media, the Kansas economy is growing ([Attachment 1](#)).

Senator Francisco questioned whether sales tax on food affected the volatility of revenues from sales tax. Mr Austin said sales tax on food accounts for 15 percent of sales tax revenue and even in states without taxes on food, sales tax revenue is more stable and less volatile.

Senator Arpke complimented Mr. Austin on his Economic Headwinds Per Capita Personal Consumption Expenditures and asked him to furnish a similar chart with Department of Labor, from 1997 through 2014 broken down by City, County and State employees. Mr. Austin said he would capture the information and forward it to him.

Pat Apple, Commissioner, Kansas Corporation Commission, appeared before the committee to answer questions related to the Clean Power Plant and other matters.

Senator Francisco stated that the FY2016 and FY2017 budgets slated for approval by the legislature contain an expenditure of \$500,000 from the Public Regulatory Service Fund which would pay for the consultant that the Kansas Corporation Commission hopes to hire regarding the clean power plant. She wanted to know if any of the issues of energy efficiency were included in the scope of the work, and if they will be considered in any way, to reduce carbon emissions. Commissioner Apple said they are in the middle of the procurement process for hiring a consultant, contingent upon the passage of [HB2233](#). He said he signed a non-disclosure agreement and couldn't discuss that part of the process at this time, but he said he would check to see if efficiency is included in the scope of the work.

Senator Francisco asked if the costs associated with the consulting contract for evaluating the Clean Power Plant (CPP) will be distributed over a period of time to keep regulatory assessments to utility companies steady, rather than incurring large spikes in the assessments.

Commissioner Apple said yes, the contract is to be billed monthly to the Kansas Corporation Commission, and will be based on an hourly rate. Only costs actually incurred will be billed to the industry. Costs associated with the CPP will be billed to both regulated and de-regulated companies affected by the CPP on a quarterly reimbursable assessment.

Possible action on bills previously heard

No action was taken on bills previously heard.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES of the Committee on Ways and Means at 10:30 am on Thursday, February 04, 2016 in Room 548-S of the Capitol.

The next Ways and Means Committee meeting is scheduled for Monday, February 8, 2016, at 10:30 a.m., in Room 548-S at the Capitol.

Chairperson Masterson adjourned the meeting at 11:36 a.m.

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