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MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:45 A.M. on February 9, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Senator Laura Kelly
Representative Ed O'Malley
Sandra Dixon, Kansas Children's Service League
Mike Farmer, Kansas Catholic Conference
Melissa Ness, St. Francis Academy
Senator Les Donovan
Whitney Damron, Kansas Automobile Dealers Association
Don Moler, Kansas League of Municipalities
Randall Allen, Kansas Association of Counties
Karl Peterjohn, Adoptive Parent

Others attending:

See attached list.

Hearing on **SB 465**, increasing income tax credit for adoption of certain Kansas children, was opened.

Senator Laura Kelly testified **SB 465** would provide additional tax credits if an adopted child is a Kansas resident, a Kansan at least eight years old, a child with special needs, a minority child, or part of a sibling group. (Attachment 1)

Representative Ed O'Malley, an adoptive father, encouraged the Committee to support **SB 465**. (Attachment 2)

Sandra Dixon, V.P. of Resource Family Services for Kansas Children's Service League, explained how the passage of **SB 465** would help some of the state's most vulnerable children. (Attachment 3) A letter of support from the Board of Directors of Kansas Children's Service League is attached to her testimony.

Michael Farmer, Executive Director of Kansas Catholic Conference, testified more encouragement and incentives are needed to urge more families to adopt hard to place children. (Attachment 4)

Melissa Ness, The Saint Francis Academy, said **SB 465** promotes a solid public policy choice. (Attachment 5)

Karl Peterjohn, adoptive parent, supported SB 465.

Written testimony supporting **SB 465** was received from Bruce Linhos, Executive Director of Children's Alliance, (Attachment 6) and Secretary of SRS Gary Daniels. (Attachment 7)

Committee discussion was held. Staff was requested to clarify the tax credit benefit for persons adopting a sibling group; whether they have to adopt all the children in the group for the tax credit or if they can adopt part of the children in the group and still receive the tax credit. Senator Schmidt suggested looking at a carry-forward period of more than five years.

Hearing was closed on **SB 465**.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:45 A.M. on February 9, 2006 in Room 519-S of the Capitol.

Subcommittee Report on **SB 356**, concerning estate tax taxation, and **SB 365**, enacting the Kansas estate tax law:

Senator Bruce, Subcommittee Chair, presented the Subcommittee report on estate taxation. (Attachment 8) Following discussion, Chairman Allen thanked Senator Bruce and his subcommittee for their work on both bills.

Hearing was opened on **SB 438**, computation of amount of personal property tax on motor vehicles.

Senator Donovan testified local units of government should see little or no reduction in revenue if **SB 438** passed. (Attachment 9) He said 10% of all retail sales tax comes from the sale of automobiles. He explained how the proposal would work. He presented figures from KDOR on estimated revenue reduction. (Attachment 10) The average automobile tax in Kansas is higher than most states, according to Senator Donovan. He said this bill would give tax relief, as well as provide additional revenue, to local government entities.

Whitney Damron, Kansas Automobile Dealers Association, testified in favor of **SB 438**. (Attachment 11) He said lowering the acquisition cost or the titling and registration costs of new and used motor vehicles in Kansas does increase sales, which increases taxes and fees to both the State and local units of government.

Don Moler, Executive Director of League of Kansas Municipalities, opposed **SB 438**. (Attachment 12) He said the bill would simply shift the tax burden, and that removing a large portion of the tax on motor vehicles would transfer this burden onto other property taxpayers. Also, local governments cannot continue losing revenue!

Randall Allen, Executive Director of Kansas Association of Counties, opposed **SB 438** because motor vehicle taxes are a significant segment of revenues for counties and other local governments, and would shift the burden to another taxpayer if lowered. (Attachment 13)

Senator Lee requested KDOR prepare charts for high, medium and low value automobiles and how taxes would change if the bill passed. She also requested a run reflecting how revenues would be impacted county by county, should **SB 438** be enacted into law.

Hearing was closed on **SB 438**.

Senator Schmidt moved to approve the Minutes of the February 8 Committee meeting. Senator Jordan seconded the motion, and the motion passed.

Being no further business, the meeting adjourned at 11:50 a.m.