

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 6, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Ron Gaches, Kansas Association of Financial Services  
Representative Tom Holland  
Representative Barbara Craft  
Representative Virgil Peck, Jr.  
Representative Mario Goico  
Representative Tom Hawk  
Tom Thornton, President/CEO, Kansas Bio-Science Authority (KBA)  
Laura Janas Gasbarre, Mayor, City of Leavenworth  
Charles H. Gregor, Jr., Leavenworth-Lansing Area Chamber of Commerce  
Sue Peterson, Presidents Office, Kansas State University  
Stan R. Ahlerich, President, Kansas Inc.

Others attending:

See attached list.

The Chairman called for bill introductions.

Ron Gaches, Kansas Association of Financial Services, requested a bill introduction regarding authority for a finance company to request a sales tax refund or credit. Representative Carlson moved the introduction. Representative Owens seconded the motion. The motion carried.

Representative Tom Holland made a motion to introduce a bill regarding a sales tax exemption for certain classes of medical equipment. Representative Davis seconded the motion. The motion carried.

Representative Barbara Craft made a motion to introduce a bill regarding transient guest tax for cabins offered throughout state parks. Representative Owens moved to introduce the bill, seconded by Representative Carlson. The motion carried.

Representative Virgil Peck, Jr. made a motion to introduce a bill regarding a one year pilot program for border tax on motor vehicle fuel. Representative Davis seconded the motion. The motion carried.

**HCR 5009 - National Bio Agrodefense Facility (NBAF)**

Chris Courtwright briefed the Committee on **HCR 5009** which would pledge the Kansas Legislature's support for the National Bio and Agrodefense Facility (NBAF) and urge agencies in Washington DC to consider two sites in Kansas as the location for this new federal laboratory. He explained the purpose of NBAF and the rationale behind Kansas being the ideal location for this facility.

The Chairman opened the public hearing on **HCR 5009**

Representative Mario Goico, Chair of the Kansas Security Commission, said the Joint Committee on Kansas Security had passed unanimously the resolution before them. He said the Committee had endorsed **HB 2303**, **SB 252** and **HCR 5009** to support the application for this particular phase of the site competition, due February 16, 2007. He urged them to pass the resolution as soon as possible (Attachment 1).

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 6, 2007 in Room 519-S of the Capitol.

Representative Tom Hawk appeared in support of **HCR 5009**. He said Manhattan and Leavenworth communities are united in their efforts to secure NBAF, knowing that it would be good for Kansas if either location was selected. He spoke of the efforts made by Representative Wilk to promote cooperation between the communities (No written testimony).

Tom Thornton, President/CEO, Kansas Bio-Science Authority (KBA), testified of their support of NBAF in Kansas. He explained the time line involved in the site selection process and described the distinct advantages offered by Kansas. He said that its highest asset is purposeful action, including action taken by the Legislature, and the unique partnership between local, state and federal government. He described the importance of Senator Pat Roberts and his enthusiastic leadership as the honorary chair of a distinguished task force. He spoke of KBA's financial pledge, as well as their other efforts toward securing NBAF in Kansas (No written testimony).

Laura Janas Gasbarre, Mayor, City of Leavenworth, rose in support of the National Bio and Agro-Defense Facility. She spoke of the significant economic benefits to the state and local communities (Attachment 2).

Charles H. Gregor, Jr., Leavenworth-Lansing Area Chamber of Commerce, said that the consideration of Kansas as a potential site for the placement of a new National Bio & Agrodefense Facility represents an unprecedented opportunity. He spoke about the significance of the facility to the nation and the economic impact it would have on the state (Attachment 3).

Sue Peterson, Presidents Office, Kansas State University, gave a description of the location being sought by the Department of Homeland Security. She listed the advantages from a K-State perspective and the economic development, business and educational benefits NBAF would bring to Kansas (Attachment 4).

The Chairman closed the public hearing.

Hearing no opposition to working **HCR 5009**, the Chairman questioned the desire of the Committee.

Representative Menghini made a motion that HCR 5009 be passed out favorably. Representative Siegfried seconded the motion. The motion carried.

The Chairman invited Stan Ahlerich, President, Kansas Inc, to the podium for a briefing on IKE.

Mr. Ahlerich provided background on IKE, a project which was initiated in July 2004, at the request of the Board of Directors. The goal was to identify critical variables that would explain the current condition of Kansas economy. The *Indicators of the Kansas Economy* (IKE) would provide a single source of objective and consistent information that allows public and private leadership to better understand the economy and enhance decision-making capacity.

In reviewing the IKE data he provided a current "snapshot" of the state economy in comparison with the 6-State Region average and the U.S. average (Attachment 5). In his narrative on employment numbers in the public and private sectors, he observed that the numbers listed in the public-local level may have been higher in the past 4 to 5 years, since casinos are counted in the public sector local workforce, except for those that are nationally based. Questions were raised over the rationale of that classification and whether casino employees' payroll were also listed in the public sector. Mr. Ahlerich agreed it seemed odd and that staff would check for details and report back to the Committee. He said that Kansas will face future challenges due to the ratio between low unemployment numbers and demand for an increased workforce. A philosophical discussion regarding business strategies followed.

In addition to the distributed information packet, the following items were provided: 1) **Kansas, Inc. Publications List**; 2) An overview of *Trends in the Kansas Economy 1985- 2006* and 3) a summary page of answers to frequently asked questions from previous committees (Attachment 6).

The Chairman adjourned the meeting at 10:30 a.m. The next meeting is February 7, 2007.