

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 21, 2007 in Room 519-S of the Capitol.

All members were present except:

Representative Davis
Representative Dillmore

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:

Jonathan Williams, Tax Foundation
Chris Atkins, Tax Foundation

Others attending:

See attached list.

The Chairman called attention to the memorandum "Kansas Tax Credits", prepared by Richard Cram, KDOR, that had been distributed at yesterday's meeting. He suggested that Committee members take the tax credit summary sheet with them for a resource when tax credit bills are debated on the floor, during the next few days.

Jonathan Williams said he was an economist from the Tax Foundation, that was founded in 1937. The Foundation, that is not political in nature, promotes good tax policy and offers data and sound policy analysis at all levels of government. They are making their presentation to the tax committee because Kansas has a golden opportunity to reform the current tax structure, specifically corporate taxes ([Attachment 1](#)).

He spoke about the current tax reform programs in Michigan and Georgia and stated that many states are looking at reforming their tax programs from a competitive context. He said that the Foundation did not pick winners or losers among state programs and suggested tax systems should be simple and transparent. He proceeded with a power point presentation entitled, *Kansas Corporate Tax Reform in a Competitive Context* ([Attachment 2](#)).

The presentation was divided into the following categories: Presentation Goals; Analyzing a State's Tax System; The Difference between Tax Burden and Tax Structure; and Measuring Tax Burden. He reviewed data on Kansas's Tax Burden with charts on estimates, ranking and changes since 1970.

Chris Atkins, Staff attorney for the Tax Foundation, proceeded with the second part of their presentation that provided data specifically related to Kansas. The data reflected Kansas's high corporate income tax rate compared to the region and in an international context. He reviewed: Corporate and property tax systems; Pros and cons of franchise tax; and States considering tax reforms and tax cuts.

He offered the following recommendations for the Taxation Committee to consider: 1) Eliminate the corporate franchise tax; and 2) Reduce the top corporate income tax rate to 6.25 percent (tied with Missouri) with a long-term goal of reducing the rate all the way to 4 percent. This would give Kansas a flat corporate income tax, below Colorado's 4.63 percent.

In conclusion he stated that if Kansas is to compete with their neighbors for new business investment, lawmakers must seriously consider those tax changes that will truly enhance competitiveness.

The Chairman thanked them for their presentation. The meeting was adjourned at 10:29 a.m. The next meeting is February 28, 2007.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 21, 2007 in Room 519-S of the Capitol.