

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 14, 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

Others attending:

See attached list.

The Chairman asked Chris Courtwright, to explain the supplemental note on **HB 2264** (Attachment 1). He said the bill, as amended by the House Committee of the Whole, would change the income tax treatment of certain Social Security benefits; would exclude Social Security benefits from the definition of income for purposes of qualifying for the Homestead Property Tax Refund Act; and would expand the state earned income tax credit (EITC) from 15 to 20 percent of the federal credit. He explained the two amendments that were added yesterday and the latest fiscal information available from DOR.

The Chairman noted that a supplemental note on **Substitute for HB 2430** had been distributed (Attachment 2). The Committee was advised that a bill with new language has been completed, and copies would be distributed tomorrow.

The Chairman returned the Committee's attention to **HB 2495** and reminded them that they were discussing the Dillmore amendment, part a, and acknowledged Representative Owens.

Representative Owens withdrew his request to divide the question on the Dillmore amendment and proceed. The Chairman accepted that motion and they went back to the Dillmore motion to amend, that includes four components, previously described.

Representative Holland made a substitute motion to amend Representative Dillmore motion with the exclusion of the part (c) the captive insurance portion of the amendment. Representative Goyle seconded the motion.

After discussion, Representative Holland closed his motion. The motion failed 9 to 13.

They returned to the Dillmore motion to amend.

Discussion followed regarding transactional analysis and Richard Cram agreed to provide clarification on the definitions in the bill to address the confusion on the issue.

Representative Dillmore closed his motion and said the amendment is sound tax policy and provides an additional \$24 million of fuel into the economic engine of Kansas to all businesses doing business in Kansas. The motion failed 9 to 13. The following Representatives requested that their yeas be noted in the minutes: Representatives Dillmore, Lukert, Rardin, Menghini, Treaster, Holland, Goyle, Miller and Davis.

Representative Carlson made the motion that the Committee pass **HB 2495**, favorable for passage. Representative Whitham seconded the motion. The motion carried unanimously.

The Chairman acknowledged that this bill had been handled in an unusual manner and he explained the rationale behind that deviation. His intent, as always, was to provide a fair and consistent hearing, allowing for any and all discussion on the issue. He advised that there is another bill, containing all four components of the Dillmore amendment, that will be coming to the Committee, granting yet another opportunity for additional dialogue.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 14, 2007 in Room 519-S of the Capitol.

The Chairman called attention to a memo containing 15 sales tax exemptions that currently reside in the Committee (Attachment 3). He asked them to study the bills and decide how they would like to proceed with those bills. He explained various options available for the Committee's consideration. Secretary Wagnon will brief the Committee, on Thursday, on Senator Wilson's bill, that sets up the framework eliminating the need to work each bill separately.

The meeting was adjourned at 10:25 a.m. The next meeting is March 15, 2007.