

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 25, 2008 in Room 519-S of the Capitol.

All members were present except: Representative McCray-Miller - Excused.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Ryan Hoffman, Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Representative Brown introduced Lacey Gabriel and Victoria Lehmann, two young women that were his shadows for the day.

**HB 2694 - Income tax credit for alternative-fueled motor vehicle or alternative-fuel fueling station.**

Scott Wells, distributed a balloon amendment (Attachment 1).

Representative Brown continued his sub-committee report from the March 12, 2008 meeting. He thanked Representative Bowers and Representative Goyle for their hard work and participation in the sub-committee. He described the new tax incentive programs related to the purchase of qualified alternative fueled motor vehicles. The language related to that program follows: *On and after January 1, 2009, any taxpayer purchasing a new qualified alternative-fueled motor vehicle, who is the first person to take title to such motor vehicle, shall, at the point of sale, be presented with documentation describing all income tax credits, available in the state of Kansas, related to the purchase of qualified alternative-fueled motor vehicles. Such documentation shall be created by KDOR and furnished to motor vehicle dealerships for presentation to the taxpayer. Such documentation shall include: (1) A description of all tax incentive programs related to the purchase of qualified alternative fueled motor vehicles; (2) a form whereby the taxpayer may elect, in lieu of the credit allowed pursuant to subsection (a) to participate in the credit program pursuant to subsection (b) or, alternatively, to receive a debit card from the Department of Revenue in accordance with the provisions of this sections; and (3) any other information KDOR deems necessary. Upon electing to receive the debit card described above, the taxpayer shall return such form the KDOR, and within 28 days of the receipt of such form shall receive such debit card with a credit balance of \$500. Such card shall be capable to be used only for the purchase of alternative fuel. Any magnetic strip appearing on the back of such card shall be deactivated before being delivered to the taxpayer. The Secretary of Revenue shall adopt rules and regulations to administer the provisions of this section.*

Representative Goyle thanked Chairman Brown for his leadership in the sub-committee. He explained how the bill how evolved from a simple definition change of alternative fuel to the development of a meaningful tax credit program. He explained changes regarding: dates; definitions, credit amounts and blend percentages, etc., as outlined on page 1 and the top of page 2 in the balloon.

Representative Brown made a motion to adopt the balloon amendment for HB 2694. Representative Goyle seconded the motion. The motion carried.

Richard Cram said the Department projected a fiscal impact of \$450,000, which includes \$100,000 plus for administrative costs. That figure is based on 1,000 users.

Representative Crum made a motion to amend a sunset clause (2013) into the bill. Representative Goyle seconded. The motion carried.

Representative Dillmore made a motion that HB 2694 be tabled and referred as a topic for an interim

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study. Representative Davis seconded. The motion failed.

Representative Dillmore made a motion to pass out **HB 2694**, as amended, favorable for passage. Representative Wilk seconded the motion.

Representative Holland made a substitute motion to strike all language that refers to the debit card. Representative Peck seconded the motion.

Representation Holland withdrew his substitute motion. Representative Peck concurred.

Representative Siegfroid made a substitute motion to strike “vehicles over 26,000 pounds” from the bill. Representative Crum seconded the motion. The motion carried.

Representative Davis made a motion to pass out the original version of **HB 2694**. Representative Dillmore seconded the motion. The motion failed.

Representative Siegfroid made the motion to pass out **HB 2694**, as amended, favorable for passage. Representative Bowers seconded.

Representative Owens made a substitute motion to amend language on page 2, line 5, to strike *not exceeding the lesser of 5% of the cost of the vehicle* and inserting of \$500, after the word amount. Representative Menghini seconded the motion. The motion carried.

Representative Siegfroid made a motion that they make this a substitute bill and pass out **Substitute for HB 2694**, as amended, favorable for passage. Representative Bowers seconded the motion. The motion carried.

The Chairman thanked the Sub-committee for their work.

**SB 487 - Sales tax exemption for fees for guided and non-guided hunting and sale of game birds for hunting.**

Representative Owens made a motion to reconsider **SB 487**. Representative King seconded the motion. The motion failed 9-11.

**SB 444 - Property tax exemption for certain tangible personal property with purchase price less than \$1,500.**

The Chairman reminded the committee that Representative Lukert’s motion to reconsider the bill passed yesterday. He asked Gordon Self to give an update on the process of inserting the provisions of **HB 2500** and turn it into policy instead of specific to be inserted into **SB 444**. Mr. Self said they have done a preliminary review of the statute to try to accomplish what the Committee requested, and they have not been successful at this point. They are trying to determine which section BOTA denied their exemption in order to develop specific language. Clarification and discussion on the request followed. The Chairman said they would return to **SB 444**.

**SB 525 - Kansas Investments in Major Projects and Comprehensive Training (IMPACT) program.**

The Chairman turned the Committee’s attention to the IMPACT portion of the Corporate Package. He reviewed the House Corporate package actions taken early in the session and said the IMPACT portion of the bill **SB 525**, is currently resting on the Senate calendar with no promise of advancing. He asked Chris Courtwright to brief on **SB 525** (Attachment 2).

Chris Courtwright, said the program is administered by KDOC and provides for the diversion of up to 2% of withholding taxes from the SGF to KDOC. This bill would abolish restrictions on the maximum

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amount of IMPACT awards per project. Instead, the bill would require the Department to spend at least 15 percent of IMPACT funds on rural projects and an additional 20 percentage on small businesses.

The bill also would alter IMPACT's funding. Currently, two percent (2%) of all state withholding taxes are set aside for the program. After each fiscal year, any amount not used by the program remains in the State General Fund. The bill would amend this provision to allow the unused amounts to remain with the IMPACT program until they are needed.

The Chairman explained the importance of the bill and advised the committee that his intent was to use **SB 180** as a **House Substitute bill** for the contents of **SB 525** with conferencing in mind.

Representative Siegfroid spoke of the importance of the IMPACT program to the aviation industry.

Representative Dillmore made a motion to insert the contents of **SB 525** into **House Substitute for SB 180**. Representative Brown seconded the motion. The motion carried.

The meeting was adjourned at 10:30 A.M. The next meeting is March 26, 2008.