

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 15, 2006 in Room 519-S of the Capitol.

All members were present except:
Representative Lana Gordon- excused

Committee staff present:
Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
Representative Nancy Kirk
Sister Therese Bangert, Kansas Catholic Conference
April Holman, Kansas Action for Children
George Lippencott, AARP
Karole Bradford, Interfaith Ministries (written only)

The Chairman called for bill introductions.

Vice Chairman Huff made a motion to introduce a bill, on behalf of Representative Horst, regarding a gallonage tax of \$.20 on the distribution, manufacturing or wholesaling of carbonated soft drinks. Representative Owens seconded the motion. The motion carried.

HB 2972 - Sales taxation; relating to refunds of sales tax paid upon food.

Representative Nancy Kirk, sponsor of the bill, explained the bill increases the current two levels of rebates from \$72 person in the household to \$79 and from \$36 to \$39. Secondly it indexes the rebate amounts to the same cost-of-living mechanism used for the income eligibility thresholds (Attachment 1).

The Chairman opened the public hearing on **HB 2972**.

Sister Therese Bangert, Kansas Catholic Conference, said that the Food Sales Tax rebate is supportive to households - both families and individuals who have minimal income. She asked the Committee to be mindful that these dollars are almost certainly going back into Kansas economy. The Kansas Catholic Conference advocated for the expansion of the Foods Sales Tax refund back in 1998 and urged this cost-of-living adjustment for **HB 2972** (Attachment 2).

April Holman, Kansas Action for Children, rose in support of HB 2972. Her testimony provided an overview of **HB 2972**. It also explained why Kansas adopted the Food Sales Tax Rebate program, how the program worked and why adjustments to the program are necessary (Attachment 3).

George Lippencott, AARP, said that AARP supports the legislation. His testimony stated that the organization believed that ameliorating the impact of sales tax levies on food for low income seniors is an important element in increasing the ability of seniors to maintain their independence and thereby defraying the public costs of premature and unnecessary dependency (Attachment 4).

Karole Bradford, Interfaith Ministries, provided written testimony stating four reasons they support **HB 2972** (Attachment 5).

There being no opponents to the bill, the Chairman closed the public hearing on **HB 2972**.

No one opposed working the bill, so the Chairman asked the pleasure of the Committee.

Representative Goico made a motion to pass out **HB 2972**, favorable for passage and place it on

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 15, 2006 in Room 519-S of the Capitol.

the consent calendar. Representative Kirk seconded the motion. The motion carried.

Special Energy Sub-Committee report

The Chairman recognized Representative Carlson for a Special Energy Sub-Committee report on the following bills:

HB 2900 - Oil refineries; tax incentives; K DFA bonds; permits

HB 2901 - Crude oil pipelines; tax incentives; K DFA financing

HB 2902 - Integrated coal or coke gasification nitrogen fertilizer plants; tax incentives; K DFA bonds

HB 2903 - Cellulosic alcohol plants; tax incentives; K DFA financing

HB 2904 - Electric generation facilities; tax credits and exemptions; K DFA bonds; safety requirements

Members of that Sub-Committee were Representative Carlson - Chair, Representatives Menghini and Goico. A signed Special Energy Sub-Committee report was given to the Chairman (Attachment 6). The bills were heard March 1, 2006, in a Joint Session of the House Taxation and Utility Committees and referred to the Special Energy Sub-Committee.

Representative Carlson requested that Martha Dorsey continue with the summary of the changes made by the sub-committee. She noted that attached to the memo was a summary that described the introduced version of the bills.

Martha Dorsey reviewed two memos that were distributed regarding: **HB 2900, HB 2901, HB 2902, HB 2903 and HB 2904** (Attachment 7). She gave an overview of the bills, designed to provide essentially the same tax incentives to five types of entities and explained the changes proposed to all five bills.

HB 2900 - Oil refineries: new, expanded, or refurbished; and certain environmental protection expenditures

At the Chairman's request, Martha Dorsey explained the proposed changes specific to the bill.

- Allow the income tax credit for restoration of production of a refinery that has been out of production for five or more years.
- Create procedures for applying to the Secretary of Health and Environment for certification that certain expenditures to which the tax provisions would apply are required to enable an existing refinery to comply with environmental standards.

Representative Carlson made a motion to adopt the sub-committee report and insert it into **HB 2900**. Representative Goico seconded the motion. The motion passed.

Representative Goico made a motion to pass out **HB 2900**, as amended, favorable for passage. Representative Brunk seconded the motion.

Discussion followed regarding profits of oil companies, lack of refinery capacity, what is the best policy for Kansas.

Representative Goico said the bill would create good jobs for Kansans and provide incentives to encourage rebuilding of an energy industry in Kansas. He closed his motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 15, 2006 in Room 519-S of the Capitol.

HB 2901 - Pipelines: crude oil and natural gas liquids

Martha Dorsey explained the proposed changes specific to the bill.

- Expand the scope of the bill to include pipelines carrying natural gas liquids that meet specified criteria.
- Include a requirement that qualifying pipelines would have to be accessible to refineries and natural gas liquid-processing facilities in Kansas.

Representative Carlson made a motion to adopt the sub-committee report and insert it into **HB 2901**. Representative Goico seconded the motion. The motion passed.

Representative Carlson made a motion to pass out **HB 2901**, as amended, favorable for passage. Representative Goico seconded the motion. The motion carried.

HB 2902 - Integrated coal or coke gasification nitrogen fertilizer plants

Martha Dorsey explained the proposed changes specific to the bill.

- Increase to from 10 percent to 20 percent the amount by which the capacity of an existing plant must be expanded in order to qualify for the tax credit.

Representative Carlson made a motion to adopt the sub-committee report and insert it into **HB 2902**. Representative Menghini seconded the motion. The motion passed.

Representative Brunk made a motion to pass out **HB 2902**, as amended, favorable for passage. Representative Menghini seconded the motion. The motion carried.

The Chairman recognized the Southern Leavenworth Leadership Development Representatives.

Due to time constraints, the Chairman advised the Committee that they would resume tomorrow's meeting with the remaining Utility bills.

Representative Kinzer announced that the Sub-Committee on **HB 2680** would meet today, in room 192-E, upon adjournment of the House. It was his intent that a report would be given to the Committee tomorrow.

The meeting was adjourned at 10:30 A.M. The next meeting is March 15, 2006.