

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 11:00 A.M. on March 2, 2006, in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Chris Courtwright presented a briefing on:

HB 2619--Property tax exemption for certain commercial and industrial machinery and equipment, materials and supplies

Sub HB 2525--Property tax exemption for certain telecommunications machinery and equipment and railroad machinery and equipment

Mr. Courtwright said the House Taxation Committee spent over three weeks working these two bills. He distributed information concerning the bills (Attachment 1) and gave examples of how commercial and industrial machinery and equipment are currently taxed. Agriculture machinery and equipment is exempt from property tax in Kansas. In 2005, \$234,154,820 was realized from commercial and industrial machinery and equipment taxes. Mr. Courtwright said the fully depreciated appraised value of commercial machinery and equipment never goes below 20% of its original value. He explained the "slider" provision formula, a House Floor amendment. He also explained two other House Floor amendments to **HB 2619**, one which would expand the Homestead Property Tax Refund Act and one which would expand the school finance residential homestead property tax exemption.

The fiscal impact of **HB 2619**, as amended by the House Committee of the Whole, reflects a total net loss to the state of \$45,185,000 in FY2008, and a cumulative loss of \$316,837,000 through FY2013.

Sub HB 2525 does the same thing as **HB 2619**, except it is for railroad property taxes and telecommunications machinery and equipment taxes.

Chairman Allen requested Mr. Courtwright continue his briefing at the next Committee meeting, March 7.

Senator Donovan moved to approve the Minutes of the February 21 and February 22 Committee meetings. Senator Jordan seconded the motion, and the motion passed.

Being no further business, the meeting adjourned at 12:00 noon.