

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 21, 2008 in Room 519-S of the Capitol.

All members were present.

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:

Rebecca Crotty, Chairperson, BOTA

Trevor Wohlford, Executive Director, BOTA

Secretary Wagnon, KDOR

Others attending:

See attached list.

The Chairman announced there will be a Taxation meeting tomorrow, February 22. Barb Hinton, will review the Performance Audit Report - Economic Development; Determining the Amounts the State Has Spent on Economic Development Programs and the Economic Impacts on Kansas Counties, Part 1. It is not his intention to work any bills.

**Substitute for House Bill No 2018 - An act creating the state court of tax appeals and abolishing the state board of tax appeals, amending statute and repealing the existing sections.**

Copies of the **Substitute for HB 2018** were distributed (Attachment 1). The Chairman thanked members of the Sub-Committee for their work.

Representative Owens acknowledged Sub-committee members: Representatives Lukert, Menghini, Crum and Whitham and thanked them for their work. He also thanked Scott Wells, Office of the Revisors, Chris Courtwright, Legislative Research Department, Chairman Crotty and Trevor Wohlford, BOTA for their support and cooperation.

Key points of the Substitute Bill:

1. Name change - Abolish the name *State Board of Tax Appeals* (BOTA) and create *State Court of Tax Appeals* (COTA).
2. The current three members of BOTA will be renamed *tax law judges* (one lawyer, one CPA and one person with experience in the tax field). In addition the governor shall appoint a *chief hearing officer*, subject to confirmation by the senate as provided in statute, and who in addition to other duties prescribed by this act, shall serve as a judge pro tempore of the court.
3. Small claims division would be renamed to the *Small Claims and Expedited Hearing Division*.
4. New appeal fee of \$35 for cases that go beyond the Small Claims and Expedited Hearings Division.

Representative Owens moved for approval of Substitute for House Bill 2018. Representative Menghini seconded the motion. The motion carried.

Trevor Wohlford, BOTA, explained the process in the small claims division.

In response to a members question, Chair Crotty explained the process of an applicant through the entire appeal process.

The Chairman said it is his understanding that **Substitute for HB 2018** is a consensus bill and brought forth in unity. He invited Chair Crotty and Secretary Wagnon for their remarks on the process and changes that had occurred.

Chair Crotty said they had made good progress and worked hard to eliminate the backlog and

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 21, 2008 in Room 519-S of the Capitol.

implement streamlined procedures. The background on the Sub-committee activities and procedures is delineated in the Taxation Subcommittee of BOTA Status Report (Attachment 2), which was distributed. The report includes:

1. Original intent and charge of the subcommittee
2. Summary of BOTA findings
3. Regular division BOTA clearance rates - FY 2003-2007
4. Conclusions

She expressed her appreciation to Representative Owen, as the Chair, and Representatives Lukert, Menghini, Crum and Whitham for spending the considerable time necessary to learn the current process. They listened to concerns and served on the team that developed the changes contained in the Substitute bill. She thanked Secretary Wagon for KDOR's cooperation and support. In conclusion she said with new improvements in technology and workflows on the horizon, she expects these positive trends to continue.

Secretary Wagon said she had long advocated that Kansas have a tax court. These changes outlined in the bill reflect how they are operating. She agreed that the BOTA functions very well right now and the previous problems that precipitated the sub-committee, have been taken care of under Chair Crotty's leadership. There is a good relationship between the departments. Although the changes in the bill may cost a little more, it gives them an additional resource to serve on the hearing side. They stand in support.

The Chairman, on behalf of the Committee, thanked Chair Crotty for the fine work she and her staff had completed. He said there had been great progress made since last year's hearing and this experience is a good example of how government agencies work.

Representative Whitham moved the Tax Committee recommend **Substitute for House Bill No 2018** favorable for passage. Representative Rardin seconded the motion.

Chris Courtwright said the fiscal note, provided by BOTA staff, would require addition FY 09 spending of \$165,000. This is mainly for salary, benefits, reconfiguration of workspace and furniture. Another consideration is that additional savings may be realized by the elimination of one level of appeal process and the \$35 filing fee.

Representative Whitham withdrew his motion to recommend **Substitute for House Bill No 2018** favorable for passage. Representative Rardin, who seconded the motion, agreed to withdraw his motion as well.

Representative Owens moved to amend **Substitute for HB 2018** to include all cross references that have reference to BOTA to CODA. Representative Menghini seconded the motion. The motion carried.

Representative Whitham moved the Tax Committee recommend **Substitute for House Bill No 2018** favorable for passage. Representative Rardin seconded the motion.

Representative Lukert commended Representative Owens for the extensive work he had done on this subject, saying they have a good work product as the result. He added he was proud to have served on the sub-committee.

Representative Peck made a substitute motion to amend the language back into the bill (page 3-4) regarding no more than one judge from any one of the congressional districts of Kansas. Representative Schroeder seconded the motion. The motion failed.

Representative Whitham closed his motion that the Tax Committee recommend **Substitute for House Bill No 2018** favorable for passage. The motion carried.

The meeting was adjourned at 10:15 a.m. The next meeting is February 22, 2008.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 21, 2008 in Room 519-S of the Capitol.