

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on February 25, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Others attending:

See attached list.

Conferees appearing before the committee:

Representative Steve Brunk
Ron Hein, Association for a Stronger Kansas
Dr. Art Hall, Author of Proposition K, Center for Applied Economics, KU School of Business
Dave Trabert, Flint Hills Center for Public Policy
Dr. Glenn Fisher, Professor Emeritus, Wichita State University
Karl Peterjohn, Sedgwick County Commissioner (Written testimony only)
Kelly Parks, Sedgwick County Commissioner (Written testimony only)
Kate Jackson, Valley Center City Council (Written testimony only)
Nestor Weigand, Jr., CRE, CRB, CCIM, SIOR, CIPS, Chairman/CEO J.P. Weigand & Sons (Written testimony only)
Brent Stewart, President, Kansas CCIM Chapter (Written testimony only)
Joe Powell, Douglas County Citizen (Written testimony only)

Chairman Carlson called the meeting to order at 9:10 a.m.

Bill Introductions:

Representative Lana Gordon introduced a bill relating to Investment Employment Act. Representative Carlson made a motion to accept the introduction and Representative Schwartz seconded the motion. Motion carried.

HB 2150 - Property taxation; 2% limit on valuation increases.

Scott Wells briefed the committee on **HB 2150** and stood for questions.

Chairman Carlson opened the hearing on **HB 2150**.

Representative Steve Brunk testified in support of **HB 2150** (Attachment 1). He stated that this bill will provide stability, predictability and transparency for homeowners. Representative Brunk stated that Proposition K is constitutional and can be implemented by statute. He urged the committee to pass **HB 2150** out of committee to help the constituents of Kansas with their property taxes.

Ron Hein, Legislative Counsel, Association for a Stronger Kansas, testified in support of **HB 2150** (Attachment 2). Mr. Hein stated that our current ad valorem system uses “assessed” value rather than “market value”. He stated that millions of dollars can be saved in the reappraisal process and will be more efficient than that of the current, inefficient system. He stood for questions.

Dr. Art Hall, Center for Applied Economics, KU School of Business and author of Proposition K, testified in support of **HB 2150** (Attachment 3). Dr. Hall spoke to the Taxation Committee on January 20, 2009 and at that time presented “A Sketch of Taxation in the Twenty-first Century” concerning a radical reform plan for Kansas. In today's testimony he stated that four fundamental changes to the Kansas tax policy are needed. They are:

1. Full expensing for capital investments made in Kansas (**HB 2751**, 2008)
2. Elimination of the taxation of capital gains

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3. Elimination of sales and use tax on all business to business transactions
4. Fix the property tax

The common goal is to make investment and wealth accumulation in Kansas more attractive. Dr. Hall stated that the current property tax is a wealth tax. He stood for questions.

Dave Trabert, Flint Hills Center for Public Policy, testified in support of **HB 2150** (Attachment 4). He stated that the most commonly expressed reasons for constituent support of Proposition K are:

- ◆ Proposition K provides great predictability
- ◆ Proposition K forces government to be more transparent
- ◆ Proposition K only increases the tax basis by 2% year
- ◆ Property appraisals are overstated

He also listed and answered eight (8) questions and concerns that have been raised about Proposition K. Mr. Trabert attached a list of property tax changes, comparisons and per cent of change from 1997-2007. He stood for questions.

The Chairman requested that the members allow Dr. Glenn Fisher, Professor Emeritus, Wichita State University, to testify in opposition to **HB 2150** today. (Attachment 5).

The Chairman called attention to the written testimony of the following proponents of **HB 2150**:

- ◆ Karl Peterjohn, Sedgwick County Commissioner (Attachment 6)
- ◆ Kelly Parks, Sedgwick County Commissioner (Attachment 7)
- ◆ Kate Jackson, Valley Center City Council (Attachment 8)
- ◆ Nestor Weigand, Jr., CRE, CRB, CCIM, SIOR, CIPS, Chairman/CEO J.P. Weigand & Sons (Attachment 9)
- ◆ Brent Stewart, President, Kansas CCIM Chapter (Attachment 10)
- ◆ Joe Powell, Douglas County Citizen (Attachment 11)

Chairman Carlson told the committee members:

- ◆ The hearing on **HB 2150** will continue tomorrow morning, February 26, 2009
- ◆ Folders from the first half of the session will be delivered to their offices today or tomorrow
- ◆ Information requested at a previous meeting has been placed in committee folders. The information is from Tony Folsom, Deputy Director, Kansas Department of Revenue, (Attachment 12) and Mark Beck, Director of Property Valuation, (Attachment 13)

The next meeting is scheduled for February 26, 2009.

The meeting was adjourned at 10:55 a.m.