

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on March 2, 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

Conferees appearing before the committee:

Mark Tallman, Kansas Association of School Boards
Don Moler, League of Kansas Municipalities
Mark Desetti, Kansas National Education Association
Randall Allen, Kansas Association of Counties
Dave Holtwick, Overland Park Chamber of Commerce
Jason Chan, Waste Management of Kansas
Mark Lawlor, Horizon Wind Energy
Whitney Damron, Iberdrola Wind Energy; Empire Electric

Others attending:

See attached list.

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

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

Mark Tallman, Kansas Association of School Boards testified in opposition to **HB 2150** (Attachment 1). Mr. Tallman discussed how **HB2150** would impact the following:

- ◆ Statewide Mill Levy
- ◆ Local Option Budgets
- ◆ Capital Improvement and Capital Outlay Aid

Mr. Tallman stated that Kansas Association of School Boards (KASB) thinks the Kansas tax system needs to be evaluated and overhauled to broaden the tax base by reducing the number of exemptions, allowing lower tax rates, to grow with the economy and to provide adequate funding to make the investments in education and other public services. He referred to graphs showing School District Operating Budgets and Levies as percent of Kansas Personal Income. He stood for questions.

Don Moler, League of Kansas Municipalities testified in opposition to **HB 2150** (Attachment 2). He stated that **HB 2150** is a tax shift not a tax cut and is has a clear discriminatory effect on individuals in modest neighborhoods, and rural areas, where property values are flat or may in fact be declining. Mr. Moler stated that the bill is unconstitutional because it is propoting to change a constitutional amendment with mere statutory language. He referred the members to a memorandum of law from the General Counsel of the League of Kansas Municipalities which outlines the reasons why **HB 2150** is clearly unconstitutional. He stood for questions.

Mark Desetti, Kansas National Education Association testified in opposition to **HB 2150** (Attachment 3). He stated that the intent of this legislation is to either force massive increases in mill levies or starve the government agencies. Mr. Desetti compared **HB 2150** to California's Proposition 13 which created an unfair system of taxation and burdened new homeowners in areas with declining values. He stood for questions.

Randall Allen, Kansas Association of Counties testified in opposition to **HB 2150** (Attachment 4). He stated that **HB 2150** is Robin Hood in reverse. At this time in history, people in the biggest financial squeeze are in the middle and lower ends of our economic system. He stood for questions.

Dave Holtwick, Overland Park Chamber of Commerce, testified in opposition to **HB 2150** (Attachment 5).

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on February 27, 2009, in Room 535-N of the Capitol.

He stated that, “placing mandatory annual increases on property values that are based on some artificial value will cause more problems than solutions.” Mr. Holtwick encouraged the committee members to oppose **HB 2150** and he stood for questions.

The Chairman called attention to the Written Only testimony of the following people in opposition to **HB 2150**:

Mark Bornyak, Kansas Economic Progress Council ([Attachment 6](#))
Ron DeGarmo, Kansas Legislation Policy Group ([Attachment 7](#))
Allie Divine, Kansas Livestock Association ([Attachment 8](#))
George Lippencott, American Association of Retired People ([Attachment 9](#))
Mike Taylor, Unified Government of Wyandotte County ([Attachment 10](#))
Northeast Johnson County Chamber of Commerce ([Attachment 11](#))
Bob Vancrum, Greater Kansas City Chamber of Commerce ([Attachment 12](#))

Representative Carlson closed the hearing on **HB 2150**.

HB 2196 - Ending the property tax exemption for renewable energy resources and technologies with the 2009 taxable year.

The Chairman continued the hearing on **HB 2196**.

Mark Beck discussed estimated tax revenues brought in by Kansas energy companies. The estimated total tax revenues would be \$13,250,000. Information requested at the February 26, 2009 Tax Committee meeting, regarding the Energy Related Property Tax Incentives, was distributed by the Property Valuation Department ([Attachment 13](#)).

Jason Chan testified in opposition to **HB 2196** ([Attachment 14](#)). Mr. Chan stated that **HB 2196**, in its current form, would have an adverse affect on a project Waste Management has had in the development stage for several years. He requested that the committee take into consideration these projects and possibly amend the language to make an exception for those projects already in progress, be respected and kept in place.

Mark Lawlor, Horizon Wind Energy, testified on behalf of Robert Gardner, Wind Capital Group ([Attachment 15](#)) and John Lichtenderger, Gamesa Energy, in opposition to **HB 2196** ([Attachment 16](#)). The wind farm coalition brings capital, retail and jobs to the communities. Mr. Lawlor stated that the companies believe in supporting the communities and negotiate a fair payment to local government even where a tax abatement exists. Passing **HB 2196** would send a signal that Kansas is not interested in further wind development. He stood for questions.

Whitney Damron, Iberdrola Wind Energy and Empire Electric, testified in opposition to **HB 2196** ([Attachment 17](#)). He thinks that there is great potential for the state with wind energy. Higher taxes on the capital-intensive investments would dampen wind energy investment in Kansas. Passage of **HB 2196** would hurt the chances of Kansas to draw more investment in renewable energy. Higher taxes would mean higher rates to consumers. He stood for questions.

Chairman Carlson called attention to the Written Testimony Only from the following people in opposition to **HB 2196**:

Trudy Aron, American Institute of Architects in Kansas ([Attachment 18](#))
Tom Thompson, Sierra Club ([Attachment 19](#))
Kent Eckles, Kansas Chamber of Commerce ([Attachment 20](#))

The Chairman closed the hearing on **HB 2196**.

The next meeting is scheduled for March 3, 2009.

The meeting was adjourned at 10:50 a.m.