

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:10 a.m. on February 17, 2000, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Marlee Bertholf, Kansas Chamber of Commerce & Industry
Michael Wojcicki, Kansas Technology Enterprise Corp.

Others attending: See attached list.

The minutes of the February 15, 2000, meeting were approved.

SB 454—Income taxation; credit for research and development activities

Marlee Bertholf, Kansas Chamber of Commerce and Industry (KCCI), testified in support of **SB 454**. She explained that the research and development tax credit created in 1986 included a sunset provision. Kansas businesses have requested that the sunset date be extended several times. **SB 454** eliminates the sunset date, making research and development a permanent tax credit for Kansas businesses. Ms. Bertholf noted that the use of this tax credit has led to the development of cutting edge technology in many areas. In conclusion, she called attention to charts attached to her written testimony which reflect the amount of tax credits claimed from 1988 to September 1999, noting that the amount claimed in that period totals \$12.3 million. (Attachment 1)

Committee discussion followed regarding the location of a statutory definition of “research and development.” Don Hayward, Revisor of Statutes, informed the Committee that the definition in the law includes items that are expenditures on the federal tax return and not inclusive of grant monies from federal and state government.

Michael Wojcicki Kansas Technology Enterprise Corporation, testified in support of **SB 454**. He stated that the research and development tax credit is an investment in Kansas’ future just as much as a company’s commitment to research and development is an investment rather than an expenditure. He informed the Committee that 42 states have some type of research and development incentive. He believes the bill would encourage innovative companies to grow and stay in Kansas. (Attachment 2)

Senator Langworthy closed the hearing on **SB 454** and turned the Committee’s attention to a previously heard bill, **SB 545** which would authorize Neosho County to impose a countywide sales tax for jail facility purposes. She noted that Wilson County and Wabaunsee County (Attachment 3) also requested to be added to the list of 15 other counties with special authority for countywide sales taxes for financing the construction or remodeling of a law enforcement facility or courthouse. Miami County requested to be included in the bill to grant it authority to retain a countywide sales tax, which would be required to sunset after five years, to finance road construction.

Staff added that the all cities in Harper County requested to be added to the list of Class D cities with up to 1.0 percent of additional rate authority for funding economic development initiatives or public infrastructure projects. Any taxes so imposed after the effective date of the act by cities in Harper or in other Class D cities would be required to sunset after 10 years. Current law requires such taxes to sunset after five years. The city of Anthony, located in Harper County, supports the provisions relating to Class D cities.

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE
Room 519-S, Statehouse, at 11:10 a.m. on February 17, 2000.

Senator Bond moved to amend **SB 545** as discussed, including the provision for Class D cities, seconded by Senator Hardenburger. The motion carried.

Senator Bond moved to report **SB 545** as amended favorable for passage, seconded by Senator Stephens. The motion carried.

Senator Lanworthy called the Committee's attention to another previously heard bill, **SB 417** which would change the filing deadline in the homestead property tax refund act from April 15 to October 15. She reminded the Committee that the bill was introduced at the request of Senator Emert.

Mr. Hayward distributed copies of a balloon for **SB 417** and explained the proposed amendments. (Attachment 4) The section changing the deadline date from April 15 to October 15 would be deleted, and the Director of Taxation would have the authority to extend the time for filing or accepting a claim filed after the April 15 filing deadline. Mr. Hayward noted that currently homestead tax refund appeals go directly to the Board of Tax Appeals (BOTA). As amended, the bill would provide that appeals go informally before the Department of Revenue before going to BOTA for a formal hearing.

Senator Lee moved to amend **SB 417** as shown on the balloon, seconded by Senator Corbin. The motion carried.

Senator Bond moved to replace the language in **SB 417** which would change the deadline date to October 15, seconded by Senator Hardenburger. The motion failed.

Senator Lee moved to report **SB 417** as amended favorable for passage, seconded by Senator Corbin. The motion carried.

Attention was turned to another previously heard bill, **SB 499** concerning the foreclosure and sale of real estate. The bill would allow cities to sell property with delinquent taxes within the city limits three years after it first becomes eligible for sale if the county has not initiated a foreclosure action.

Senator Steffes moved to recommend **SB 499** favorable for passage, seconded by Senator Praeger. The motion carried.

The meeting was adjourned at 11:45 a.m.

The next meeting is scheduled for February 21, 2000.