

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:05 a.m. on January 27, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Joan Wagon, Secretary, Kansas Department of Revenue (KDOR)
Jim Weisgerber, Tax Specialist, Kansas Department of Revenue (KDOR)
April Holman, Kansas Action for Children
Mark Desetti, Kansas Association of School Boards (KASB) and Kansas National Education Association (KNEA)
Kent Eckles, Kansas Chamber of Kansas
John Donley, Assistant General Counsel for Kansas Livestock Association
Ashley Sherard, Lenexa Chamber of Commerce
Dave Holtwick, Overland Park Chamber of Commerce
Dan Murray, National Federation of Independent Business (NFIB)
Brad Harrelson, Kansas Farm Bureau
Natalie Bright, Wichita Independent Business Association

Others attending:

See attached list.

Representative Hawk introduced Kat Brown from K-State. Representative Menghini introduced McKenzie Johnson from Baldwin Middle School. Representative Brown introduced Taylor Sly from Highland Park High School. Representative Lukert introduced Betsy Ludwig from Eisenhower Middle School in Topeka.

Representative Carlson welcomed the students to the Taxation Committee.

The Chairman requested bill introductions.

Bill Introductions:

John Peterson, Hills Pet Products, requested a bill introduction that would amend **K.S.A. 79-3279** to allow the Secretary of Revenue discretion to extend the deadline in that statute for a period up to six months. Representative Carlson made a motion to accept the bill introduction. The motion was seconded by Representative Powell. The motion carried.

Pat Lehman, Kansas Fire Service Alliance requested two bill introductions:

1. pertaining to sales tax exemptions for Kansas State Firefighters Association.
2. concerning income taxation; relating to credits; service by certain volunteer firefighters and EMS providers. A motion was made by Representative Carlson to accept the bill introductions. Representative Benlon seconded the motion and the motion carried.

Don McNeeley, Kansas Automobile Dealers Association, requested a bill introduction concerning an extension of the Sales Tax Exemptions on Motor Vehicle Manufacturer Rebates (Attachment 1). A motion was made by Representative Carlson to accept Mr. McNeely's bill introduction. Representative Powell seconded the motion. The motion carried.

The Chairman opened the hearing on **HB 2047**.

HB 2047 - Continuation of Kansas estate tax act.

CONTINUATION SHEET

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

Staff member Chris Courtwright provided information on actual estate tax receipts under the current law for FY 2007-2008 and estimated estate tax receipts for FY 2010-2013 if **HB 2047** were passed (Attachment 2).

Secretary Wagon testified in support of **HB 2047**. She provided background information on the current estate tax law that is a stand alone estate tax that does not connect with many of the features of the federal law (Attachment 3). Secretary Wagon stated that the positive fiscal impact would be \$5 million for FY 2010, \$11 million for FY 2011, \$17 million for FY 2012, and \$18 million for FY 2013. Administrative cost would be absorbed by the Department of Revenue. She introduced Jim Weisgerber, Financial Specialist with KDOR. Mr. Weisgerber provided testimony on the history of the Kansas estate tax (Attachment 4) and they both stood for questions.

April Holman, Kansas Action for Children testified in support of **HB 2047**. In her testimony she stated that adequate funding for education, healthcare and other important programs for children and families is more important to the people of Kansas than further tax cuts for businesses (Attachment 5).

Mark Desseti testified in support of **HB 2047**. He stated that he understood the need for budget cuts due to the stressed economy. The states commitment to public education has resulted in increased state assessment scores in reading and math, increased Kansas ACT scores, and Kansas has climbed from number 12 in the nation on the National Assessment of Education progress to number 7 (Attachment 6). He encouraged the legislature to make recommendations that would be fair to both businesses and citizens.

Kent Eckles, Kansas Chamber of Commerce, testified in opposition to **HB 2047**. In his testimony he stated that “Repealing the phase out of the estate tax will only serve to exacerbate the competitive disadvantage Kansas has and hurt investment and job creation in the State” (Attachment 7).

John Donley, Assistant General Counsel for Kansas Livestock Association, testified in opposition to **HB 2047**. While KLA recognizes the budgetary problems that Kansas is facing, they do not feel it is right to place the burden of “balancing” the budget on the backs of farmers, ranchers, and small businesses (Attachment 8). He stood for questions.

Ashley Sherard, Lenexa Chamber of Commerce, testified in opposition to **HB 2047**. She stated that the Lenexa Chamber of Commerce strongly urges the committee first amend the bill to contain a sunset or a date certain when the estate tax repeal will be fully implemented (Attachment 9). Ms. Sherard stood for questions.

Dave Holtwick, Overland Park Chamber of Commerce, testified in opposition to **HB 2047**. Kansas is one of 10 remaining states with an estate tax. The repeal of the estate tax will only increase the competitive disadvantage Kansas has and hurt investment and job creation (Attachment 10).

Dan Murray, National Federation of Independent Business (NFIB), testified in opposition to **HB 2047** (Attachment 11). As written, **HB 2047** does not provide any mechanism to restart the reductions in this tax and increased costs are taking a toll on small business.

Brad Harrelson, Kansas Farm Bureau, testified in opposition to **HB 2047**. He stated that one of the reasons for opposition to this bill is that death should not be a taxable event (Attachment 12). Mr. Harrelson stood for questions.

Representative Carlson called attention to the written testimony of Natalie Bright, Wichita Independent Business Association, in opposition to **HB 2047** (Attachment 13).

Chairman Carlson closed the hearing on **HB 2047**.

The next meeting is scheduled for January 28, 2009.

The meeting was adjourned at 10:45 a.m.