

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairperson Steven Johnson at 3:30 pm on Tuesday, February 18, 2020, in room 112-N of the Capitol.

All members were present except:

Representative Ken Corbet – Excused

Representative Kathy Wolfe Moore – Excused

Substitute members:

Representative Brandon Woodard, appointed substitute member to the committee

Committee staff present:

Adam Siebers, Office of Revisor of Statutes

Amelia Kovar-Donohue, Office of Revisor of Statutes

Charles Reimer, Office of Revisor of Statutes

Chris Courtwright, Legislative Research Department

J.G. Scott, Legislative Research Department

Lea Gerard, Committee Assistant

Reed Holwegner, Legislative Research Department

Conferees appearing before the Committee:

Randy Stookey, Renew Kansas Biofuels Association

Josh Roe, Kansas Corn Growers Association

Bob Alderson, Casey's General Stores

Kenlon Johannes, Kansas Soybean Association

Steve Christenberry, Concerned Motorcyclist

Tami Alexander, Metropolitan Energy Center

Kent Eckles, Kansas Petroleum Council

Representative Adam Smith, 120th District, Kansas House of Representatives

Others in attendance:

[See Attached List](#)

### **Request for bill introductions**

Representative Adam Smith requested to modify a bill previously approved for introduction on February 12, 2020 (20-rs-2765) concerning sales tax exemptions for Envision and Friends of Hospice, Jefferson County; to impose sales tax on certain services and provide for the removal of a sales tax exemption for newly added exemptions. With objection, the bill was approved for introduction by the Committee.

### **Hearing on: HB2543 — Amending the definition of alternative fuel for the alternative-fueled motor vehicle property expenditure tax credit.**

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Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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Adam Siebers, Assistant Revisor stated **HB2543** would change the definition of alternative fuel for the alternative-fuel tax credit to include fuel containing at least 15.0% ethanol or methanol, or 10.0% biodiesel. Currently this credit is available only for a qualified alternative-fueled motor vehicle or alternative-fuel fueling stations.

### **Proponents:**

Randy Stookey, Renew Kansas Biofuels Association testified for **HB2543** stating the bill amends the definition of alternative fuel in existing law. Alternative fuel includes at least 15% ethanol or methanol and 10% biodiesel. He noted with this amendment the law would be clarified to ensure the existing income tax credit applies to alternative fuel investments at fueling stations. The bill will promote further investment in the number and availability of alternative fuel pumps allowing the customer access to higher blends of ethanol and biodiesel fuel ([Attachment 1](#)).

Josh Roe, Kansas Corn Growers Association testified for **HB2543** noting the bill clarifies what constitutes an alternative fuel for the existing tax credit to retailers who install alternative fueling stations. Mr. Roe provided a chart in his testimony showing the growth of biofuels in Kansas for 2019. The growth in E15 demand is not just in Kansas but nationwide with sales growing by more than 50% in 2019 ([Attachment 2](#)).

Bob Alderson testified on behalf of Casey's General Stores, testified for **HB2543** that clarified the definition of alternative fuel applicable to the income tax credit provided for a qualified alternative-fueled motor vehicle or alternative-fuel fueling station. Mr. Alderson provided a list of equipment, its cost and the labor costs to install the equipment for a qualified alternative-fuel fueling station. Total current cost is approximately \$84,000. He noted the taxpayer is entitled to a tax credit of 40% of total amount spent for each qualified alternative-fuel fueling station but not to exceed \$100,000. for each fueling station ([Attachment 3](#)).

Kenlon Johannes, Kansas Soybean Association testified for **HB2543** stating the bill amends the definition of alternative fuel to include 10% biodiesel or B10 as usually referred to in the marketplace. She noted based on 2018 production numbers, biodiesel added more than \$120 million in revenue to the Kansas soybean corp. Providing an incentive for fuel retailers to build infrastructure to sell more homegrown fuel is an investment by the state ([Attachment 4](#)).

Written only testimony as a proponent for **HB2543** was presented by:

Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas, ([Attachment 5](#)).

Adam York, Kansas Grain Sorghum Producers Association, ([Attachment 6](#)).

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**Opponents:**

Steve Christenberry, representing himself, testified against **HB2543** stating he had three issues regarding the bill which is listed in his testimony. He noted the bill is designed to amend in providing tax credits to individuals who purchase alternative-fueled vehicles and businesses that establish an alternative-fuel fueling stations ([Attachment 7](#)).

Written only testimony as an opponent to **HB2543** was presented by:

Tami Alexander, Metropolitan Energy Center, ([Attachment 8](#)).

Kent Eckles, Kansas Petroleum Council, ([Attachment 9](#)).

Hearing closed for **HB2543**.

**Hearing on: HB2576 — Require county treasurers to mail property tax bills before December 10 each year.**

Mr. Siebers provided an overview on **HB2576** noting the bill amends the dates the county treasurer would be required to send the tax statement and tax information form to property owners or taxpayer that is currently December 15 and would be moved up to December 10.

**Proponent:**

Representative Adam Smith testified for **HB2576** stating the bill would increase the minimum window of time between when a property tax statement is required to be sent and when it is due. The bill proposes moving the deadline back five additional calendar days, which extends the minimum window to ten calendar days. Representative Smith stated he represents six counties in Northwest Kansas and one of the counties this past December received their tax statement with very little time to remit their property tax payments without incurring any penalties or interest on the amount due ([Attachment 10](#)).

**Neutral:**

Written only testimony as neutral to **HB2576** was presented by:

Sharon Gaede, Kansas County Treasurers Association, ([Attachment 11](#)).

Jay Hall, Kansas Association of Counties, ([Attachment 12](#)).

Hearing closed for **HB2576**.

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**Final action on bills previously heard HB2517 — Property tax abatement for agricultural improvement destroyed or substantially destroyed by a natural disaster.**

**HB2517** - An Act concerning property taxation; relating to agricultural improvement destroyed or substantially destroyed by natural disaster, amending K.S.A. 79-1613 and repealing the existing section.

Mr. Siebers provided an overview on **HB2517** that would allow property owners to apply to the county commission for an abatement or credit of property taxes that are levied against an agricultural improvement property that is destroyed by earthquake, flood, tornado, fire, storm, or other natural disaster.

*Representative Rahjes moved, seconded by Representative Wassinger, to amend **HB2517**. Motion carried. ([Attachment 13](#))*

*Representative Phillips moved, seconded by Representative Baker, to further amend **HB2517** with the inclusion of commercial real estate. Motion carried. ([Attachment 14](#)).*

In response to a question, Roger Hamm, Department of Revenue stated the application is made by the owner of the property that was damaged. The County will decide whether or not it raises to the level of being substantially destroyed which is the 50% leveled threshold. Once the application is made by the owner it then begins the process for the County Commissioners to determine what kind of relief to give to the property owner based on when the damage occurred and what level of damage. When all this is taken into consideration based on the decision on budgetary restraints of the taxing subdivision or taxing unit the damage has occurred in.

*Representative Thimesch moved, seconded by Representative Eplee, the Committee recommend **HB2517** be as amended. Motion carried.*

Meeting adjourned at 5:00 pm.

Next meeting scheduled is February 19, 2020.