

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:30 A.M. on February 21, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Martha Dorsey, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Senator Pete Brungardt
Secretary of Revenue Joan Wagnon
Marlee Carpenter, Kansas Chamber of Commerce
Lucky DeFries, Kansas Chamber of Commerce

Others attending:

See attached list

Hearing was opened on **SB 564**, authorizing countywide retailers' sales tax for Saline county for expo center. Senator Pete Brungardt testified this bill would enable Saline County to place on the ballot a measure for capital improvement for an expo center to be funded by a one-half cent sales tax. Being no further conferees, the hearing was closed.

Hearing was opened on **SB 551**, reporting requirements as a condition of claiming tax credits. Secretary of Revenue Joan Wagnon testified the purpose of this bill is to require people who claim tax credits to provide KDOR with more information, and the receipt of the information will be a condition for receiving the tax credit. (Attachment 1)

Marlee Carpenter, Kansas Chamber of Commerce, testified in opposition to **SB 551**. (Attachment 2) She said many smaller businesses already abandon their request for tax credits because of too much paperwork. Lucky DeFries, Kansas Chamber of Commerce, said the bill requires businesses to provide more information than what is already requested, and some of the information might be impossible to quantify. Senator Lee requested Mr. DeFries provide a list of the reporting provisions he wants removed from the bill. Senator Jordan commented it is important to obtain this information to determine the state's return on the tax credits the state grants. Many of the programs bring in good results, however, the problem lies in the fact some companies are not reporting this information. He suggested the bill could be amended to require a business to report only on the requirements of the program of which the company is taking advantage. He said there is good purpose and reason for this legislation.

Secretary Wagnon disagreed with the Kansas Chamber's comments that **SB 551** goes much further than 2005 SB 13. She explained how the information is gathered and shared between the Department of Commerce and KDOR. Senator Lee commented when an entity utilizes the Federal CDBG program, it must create the jobs projected to keep the grant funds it receives.

Hearing on **SB 551** was closed.

SB 365, enacting the Kansas estate tax was discussed. Steve Stotts, KDOR, distributed information showing how the proposed bill compares to the current estate tax law. (Attachment 3) There is a tax shift to the upper brackets in the first year under the subcommittee's recommendation. Chris Courtwright said on a fiscal year basis revenues collected would equal the amounts collected under current law. (i.e. **SB 356**, as amended, is projected to be revenue neutral.)

Senator Bruce moved the Committee adopt the subCommittee report on **SB 365**. Senator Schmidt seconded the motion, and the motion passed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on February 21, 2006 in Room 519-S of the Capitol.

Senator Schmidt moved the Committee recommend **SB 365** as amended favorable for passage. Senator Pine seconded the motion, and the motion carried.

SB 535, no sales taxation of manufacturer rebates to purchasers of new motor vehicles modified to accommodate handicapped persons, was discussed.

Senator Schmidt moved to recommend **SB 535** favorable for passage. Senator Donovan seconded the motion, and the motion passed.

Senator Schmidt moved to approve the February 20 Committee Meeting Minutes. Senator Donovan seconded the motion, and the motion passed.

Being no further business, the meeting adjourned at 11:45 a.m.