

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:37 a.m. on March 14, 2012, in room 152-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department  
Christopher Sevedge, Kansas Legislative Research Department  
Gordon Self, Office of the Revisor of Statutes  
Scott Wells, Office of the Revisor of Statutes  
Mary Jane Brueck, Committee Secretary

Conferees appearing before the committee:

Sen. Jeff King, 15<sup>th</sup> District  
Michelle Schroder, Legislative Director for SRS  
April Holman, Director of Policy & Research, Kansas Action for Children  
Sister Therese Bangert, Sisters of Charity of Leavenworth

Others attending:

See attached list.

Sen. Les Donovan opened the meeting by introducing Sen. Jeff King, 15<sup>th</sup> District, to speak about **SB 445 – concerning taxation; relating to earned income tax credit; homestead property tax refunds**. He told the committee this bill would dramatically increase the property tax relief provided through the Homestead Property Tax Relief program. It would provide \$34 million in additional Homestead property tax relief, substantially lowering property taxes for working families, fixed-income seniors, and disabled Kansans. It would more than double the property-tax relief provided by the Homestead program; SB445 applies the Homestead Property Tax refund only to homeowners. It takes a large step toward addressing this problem, helping to ensure that property taxes are not weighing unreasonably on our least-advantaged Kansas homeowners. There is no fiscal note. (Attachment 1) Sen. Donovan recognizes Michelle Schroeder, Public Policy Director and Acting Legislative Director for SRS told the committee that SRS will need approximately \$30 million in “maintenance of effort” and this bill will provide that. (Attachment 2)

April Holman, Director of Policy & Research, Kansas Action for Children told the committee this bill will have a negative impact on Kansas Children and families. This organization requests the committee's opposition to this bill to protect the interests of Kansas children and families and build a strong fiscal foundation for the health, education and economic security of future generations. (Attachment 3) Sister Therese Bangert, Sisters of Charity of Leavenworth also spoke against this bill. She told the committee the proposal to eliminate the refundable EITC and replace it with a Homestead Property Tax Refund, because it eliminates tax policy that assists working parents – particularly those making \$\$12,000 to \$\$35,000 and have two or three children. (Attachment 4) There was written testimony against this bill

from: Uriel Tarin, Topeka Independent Living Resource Center (Attachment 5); Mary Lou Jaramillo, President, Chief Executive Officer, El Centro, Inc. (Attachment 6); and Bruce Linhos, Executive Director, Children's Alliance of Kansas (Attachment 7). Seeing no one else wishing to speak to this bill, Sen. Donovan closed this hearing.

Chairman Donovan turned attention to SB 457 – Concerning income taxation; relating to apportionment of business income by certain taxpayers; election there of; requirements and SB 458 – Concerning income taxation; relating to income tax credit; certain bioscience companies relocating in Kansas; requirements and procedures. Senate President Morris has asked that the committee work this bill today. Sen. Donovan asked Gordon Self, Office of the Revisor of Statutes, to explain these bills. He told the committee this bill will apply only to new businesses coming into the State. It is not to apply to businesses already located and doing business in Kansas, even if those companies were to increase the number of employees they have and/or transfer employees from their facilities in other states. Sen. Donovan said he thought it would be best to put these two bills into one bill. Gordon recommended the committee use HB 2157 as the vehicle. Sen. Apple moved that the contents of SB 457 and 458 be inserted into HB 2157; removing present contents of HB 2157, and making it Senate Substitute for HB 2157. Sen. Hensley seconded the motion.

Sen Bruce then moved to divide the two bills and move SB 457 into HB 2157. Sen Lynn seconded the motion. Chairman Donovan called for the vote; the motion carried.

Back to the motion to divide made by Sen. Apple and seconded by Sen. Hensley, Sen. Donovan called for a vote to pass SB 458 into HB 2157. The vote was 4, yea to 6 nay; motion failed.

The amended bill is now ready for a motion to move SB 457 into HB 2157. Sen. Hensley made that motion. Sen. Holland seconded the motion; motion carried. Sen Apple then moved the substitute bill, as amended, be moved out of committee. Sen. Holland seconded the motion; motion carried.

Sen. Donovan opened the hearing on “the Governor’s tax bill”, SB 339 – concerning taxation; relating to income tax, rate for individuals, credits, deductions and income determination; sales tax rate and distribution of revenue; severance tax, exemptions; homestead property tax refunds; food sales tax refund. Richard Cram, Director of Policy and Research, Department of Revenue had 2 balloon amendments needed for this bill. Sen. Apple moved acceptance of the amendments. Sen. Bruce seconded it. The motion carried. Next was discussion and a motion to remove the Governor’s ITC portion from this bill. Sen. Apple moved the motion; Sen. Hensley seconded it; motion carried. Sen. Apple also moved to remove the 2% trigger language (cap on spending) from SB 339. Sen. Hensley seconded the motion; motion carried.

After discussion, Sen. Apple made a substitute motion to reinstate the \$4 million for Historic Tax Credit; \$2.3 million for Community Service tax credit; \$6 million for Angel credits, and include \$5.9 for Learning Quest. Sen. Marshall seconded the motion. The motion carried.

Sen. Apple made a motion to insert SB 339 into HB 2117 and making it a substitute bill. Sen. King seconded the motion. The motion carried. Sen. King moved S Sub for HB 2117 be moved out of committee favorably as amended. Sen. Lynn seconded the motion. The motion carried. Sen. Holland and Sen. Hensley ask that their no votes be recorded.

Chairman Donovan asked the committee what they would like to do with HB 2455 – Concerning the

motor fuel tax. It is a KDOT study bill. Sen. Holland moved the bill be moved favorably out of committee. Sen. Marshall seconded the motion. Motion carried.

Sen. Apple moved to reconsider previous action taken on SB 415 – Concerning motor vehicles; relating to competitive bidding. Sen. Love seconded the motion. Motion carried. Sen. Kelsey made a motion to change the percentage number 10% to 3%. Sen. Lynn seconded the motion. The motion carried. Sen. Hensley made the motion to move this bill out of committee favorably. Sen. Holland seconded the motion. The motion carried.

Sen. Love asked for discussion on **SB 442 – Concerning taxation; relating to property and sales tax exemptions for health clubs.** Sen. Donovan asked if this bill has property tax and sales taxes. It does. Sen. Love made a motion to remove sales tax from this bill. Sen. Lynn seconded the motion. The motion to amend carried. Sen. Kelsey moved the committee pass this bill out favorably as amended. Sen. Lynn seconded the motion. The motion carried.

Chairman Donovan reopened the hearing on **SB 445 – Concerning taxation; relating to earned income tax credit; homestead property tax refunds.** Sen. King moved the contents of SB 445 be inserted into HB 2161, and the original contents be deleted. Sen. Lynn seconded the motion. The motion carried. Sen. King moved a technical amended be included in the bill. Sen. Lynn seconded the motion. The motion carried. Sen. King then moved for passage of Sen. Sub. for HB2161 as amended. Sen. Lynn seconded the motion. Motion carried.

Seeing no further questions or comments, Sen. Donovan closed the discussion.

The next meeting is scheduled for Thursday, March 15, 2012.

The meeting was adjourned at 11:40 a.m.