

**Testimony before the House Taxation Committee
HB 2501 – Definition of Real & Personal Property
Presented by J. Kent Eckles, Vice President of Government Affairs**



Wednesday, February 1st, 2012

The Kansas Chamber of Commerce appreciates the opportunity to present testimony in favor of House Bill 2501, which would tighten the definition of personal property for taxation purposes.

As many of you recall, during the 2006 legislative session, the legislature passed a property tax exemption on business machinery and equipment. Then-Governor Sebelius signed the bill into law and successive Governors and Secretaries of Commerce and Revenue have all touted the economic benefits of this property tax exemption.

This exemption is not only a huge incentive for our members to invest in business machinery and equipment and remain in Kansas - it's also a huge economic development incentive that helps attract companies to the State.

Additionally, it's about jobs. During the past 60 years, the correlation between employment and capital-spending growth has averaged 0.86 (with 1.0 being perfect correlation). Since 1949 there have only been five quarters that experienced year-on-year private sector employment gains without growth in business investment.

Unfortunately, some counties in Kansas are attempting to tax business machinery & equipment as "real" property, which was not the intent of the 2006 legislature.

The amendment we present to you today would clarify the language and prevent the spread of such attempts by other counties throughout Kansas.

We urge the Committee to pass HB 2501 as amended.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.

