

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:35 p.m. on January 26, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Brunk - excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes  
Scott Wells, Office of the Revisor of Statutes  
Chris Courtwright, Kansas Legislative Research Department  
Michael Wales, Kansas Legislative Research Department  
Marla Morris, Committee Assistant  
Allen Jeffus, Office Assistant

Conferees appearing before the Committee:

Denise Walsh, Director of Corporate Taxes, Hill's Pet Nutrition, Inc.  
John Idoux, Century Link  
Kent Eckles, The Kansas Chamber

Conferees providing written testimony only:

Bill Boisture, Hawker Beechcraft  
Jennifer Bruning, Overland Park Chamber of Commerce  
John Woodfill, Ash Grove Cement Company  
Mark Beshears, Sprint  
Angela Pitale, Next Era Energy Resources

Others attending:

See attached list.

Chairman Carlson welcomed newly appointed Representative Dennis Hedke to the Taxation Committee. Representative Hedke represents District 99, which includes portions of Sedgewick and Butler Counties.

Bill Introductions:

Senator Kelsey requested introduction of a bill for a comprehensive tax revision plan. Representative Carlson moved introduction of the bill. The motion was seconded by Representative Kleeb. The motion carried.

Representative Brookens requested introduction of a bill dealing with a procedure in front of the tax court and the Department of Revenue with respect to filing for an application of exemption to assure that the counties impacted would have the ability to receive notice of the application being filed and the opportunity to be heard at the hearing. Representative Carlson moved introduction of such bill. Representative Dillmore seconded the motion. The motion carried.

Representative Carlson moved bill introduction for technical cleanup of a bill from previous legislation. The motion was seconded by Representative Kleeb. The motion carried.

Chairman Carlson opened the hearing on:

**HB 2051-Business and job development carry forward credits under Kansas income tax act.**

Scott Wells, Office of the Revisor of Statutes, briefed the Committee on **HB 2051** which would amend K.S.A. 79-32,141 and K.S.A. 2010 Supp. 79-32,160a. Chris Courtwright, Kansas Legislative Research Department (KLRD), Richard Cram, Kansas Department of Revenue (KDOR) and Mr. Wells responded to questions from the Committee.

Denise Walsh, Director of Corporate Taxes, Hill's Pet Nutrition, Inc., spoke in support of **HB 2051** (Attachment 1). She stated, **HB 2051** attempts to correct issues which would make the High Performance Incentive Program (HPIP) credits awarded to a company better able to drive private sector investments and jobs. She stood for questions. Rick Wienckowski, Chief Financial Officer, Hills Pet Nutrition, Inc.,

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explained briefly how a large multi-national corporation pays taxes in Kansas serving as a unitary tax state that taxes world-wide incomes of large multi-national companies.

Chairman Carlson requested Richard Cram, KDOR, in coordination with the Kansas Department of Commerce, to prepare a twenty minute review of the qualifications required for HPIP credits and the definition of a Unitary Group as defined by the Kansas Department of Revenue. The review will be provided to the Committee before the bill is presented for action.

John Idoux, CenturyLink, testified in support of **HB 2051**. Century Link has been in Kansas for over 110 years, operating under the names of Embarq, Sprint and United Telephone. CenturyLink urges support of **HB 2051**, stating the proposed HPIP modifications provide needed flexibility and reduced administrative burdens for Kansas companies and allows these companies to better serve their Kansas customers (Attachment 2). He stood for questions.

Kent Eckles, The Kansas Chamber, urged the Committee to pass favorably **HB 2051** (Attachment 3). He stated The Kansas Chamber has long supported simplification of HPIP and adding flexibility to the program, which is achieved in **HB 2051**. Mr. Eckles suggested the measures in **HB 2051** be included in the Governor's proposal to replace HPIP with Expensing of Capital investment. He stood for questions.

Chairman Carlson directed the Committee to the written only testimonies in support of **HB 2051**:

Bill Boisture, Hawker Beechcraft (Attachment 4)

Jennifer Bruning, Overland Park Chamber of Commerce (Attachment 5)

John Woodfill, Ash Grove Cement Company (Attachment 6)

Mark Beshears, Sprint (Attachment 7)

Angela Pitale, Next Era Energy Resources (Attachment 8)

Chairman Carlson closed the hearing on **HB 2051**.

The next meeting will be Monday, January 31, 2011.

The meeting adjourned at 4:50 p.m.