

Approved: March 20, 2012
Date

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 13, 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. Ty Masterson
Ken Peterson, Petroleum Council
Rodney Steven II, President, Genesis Health Clubs
Greg Ferris, Kansas Health and Fitness Association

Others attending:

See attached list.

Chairman Les Donovan opened the meeting and introduced Sen. Ty Masterson to begin the hearing on **SB 430 – Concerning taxation; relating to income tax rates, adjustment, procedure and requirements; credits; sales taxation, nexus presumptions; severance tax exemptions.** He told the committee this bill reduces the number of income tax brackets to two from three; personal income tax rates would initially drop from 3.5 to 3.25 in the lowest bracket and 6.25/6.45 to 5.95 in the top bracket with the top corporate income rate only moving from 7 to 6.95. (Attachment 1) Ken Peterson, representing the Kansas Petroleum Council told the committee they are in opposition to the severance tax increase in **SB 430**, just as they did in an identical severance tax increase in **SB 339** on February 15, 2012. He pointed out oil and gas producers are not able to pull out of the state and move to another one. They must be where the oil and gas deposits are. (Attachment 2) Written testimony in opposition of this bill was provided by Jennifer Bruning, Vice President, Government Affairs, Overland Park Kansas Chamber Commerce. (Attachment 3) Seeing no other people wishing to testify on this bill, Sen. Donovan closed this hearing.

He then opened the hearing on **SB 442 – Concerning taxation; relating to property and sales tax exemptions for health clubs.** Rodney Steven II, President, Genesis Health Clubs was the first to speak. He spoke of the inequity between privately owned health clubs and those that are tax exempt. He stated that taxes were a disadvantage in competing against the YMCA in Wichita, but they were “nearly crippling” in smaller communities. This bill is an opportunity to correct disparity in tax treatment among like businesses. (Attachment 4) Greg Ferris, Kansas Health and Fitness Association, told the committee

he agrees with the previous testimony, but pointed out the benefits this legislation could provide to the state and its residents by improved health from using these health facilities. (Attachment 5) George McCrary, Kansas Health & Fitness Association, was unable to attend the hearing today, so his testimony is included with the written testimonies. (Attachment 6) Other written testimony in favor of this bill was submitted by Joseph Sharbaugh, HealthRidge Fitness Center (Attachment 7) and Erik A. Lindseth, Vice President and General Counsel, Life Time Fitness, Inc. (Attachment 8) There were no opponents to this bill. Sen. Love told the committee Kansas is one of only a few states with non-profit organizations paying no tax and others paying (and charging) tax for their services. Seeing no further questions or comments, Sen. Donovan closed the discussion.

In the discussion on **SB 415 – Concerning motor vehicles; relating to competitive bidding** Sen. Hensley moved the bill be voted out of committee favorably. Sen. Holland seconded the motion. Sen. King spoke of Kansas water craft business and suggested there should be an amendment to this bill to include water craft bids as well. Sen. Bruce pointed out Kansas manufacturers farm equipment, lawn mowers, etc. and suggested this should be a blanket policy for other manufacturers. Sen. Lynn agreed the State needs to get competitive bids with all items in order to get the best prices. Sen. Love wants the state to be wise with its money. He suggested if all things are equal, the Kansas provider should be chosen. Sen. Hensley agreed. Sen. Bruce thought other states probably have this same arrangement. Sen. Apple moved to lower the percentage from 10% to 5%. Sen. King seconded the motion. The motion carried. Sen. Garret wanted to change the percentage to 2½ %. Sen. Pyle wanted to change his vote, and made a motion to reconsider. On the motion to change from 10% to 5%; the motion failed. Sen. Love made a motion to change the percentage from 10 to 2½. Sen. Donovan seconded the motion. Nos prevailed. A motion to report this bill favorably was made by Sen. Hensley and seconded by Sen. Holland. That motion failed.

Having no other business, Sen. Donovan closed this meeting.

The next meeting will be tomorrow, March 14, 2012

The meeting was adjourned at 11:33 a.m.