

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:45 a.m. on January 22, 2002, in Room 519-S of the Capitol.

All members were present except: Senators Haley and Pugh

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Marlee Carpenter, Kansas Chamber of Commerce & Industry
Richard Cram, Kansas Department of Revenue

Others attending: See attached list.

The minutes of the January 15, 2002, meeting were approved.

Marlee Carpenter, Kansas Chamber of Commerce and Industry, requested the introduction of a bill which would clarify the corporate income tax code to maintain the status quo. (Attachment 1) She explained that the proposed bill concerns the election of business and nonbusiness income.

Senator Donovan moved to introduce the proposed bill, seconded by Senator Clark. The motion carried.

Richard Cram, Kansas Department of Revenue, presented a report on an interim topic, volumetric based tax on natural gas. (Attachment 2) The topic relates to **SB 233** introduced by Senator Allen during the 2001 Legislative Session. At the outset, Mr. Cram introduced Steven Brunkan, the Department financial economist who worked with gas companies and the Kansas Corporation Commission to collect data on local sales tax on natural gas collected by cities and counties. He then called the Committee's attention to a four page list of cities and their local sales tax rates for tax years 1996 through 2000 which was compiled by Mr. Brunkan. He noted that the information is incomplete because the Department was unable to obtain information for several cities in western Kansas. He pointed out that the data includes the local tax rate, sales tax collections at the local rate for a particular year, and the tax rate per million cubic feet (MCF) required to be in place in order to generate revenue equivalent to collections using the local tax rate. He noted that the data shows a wide variance not only between the years but also between the cities. He also called attention to a list of counties with similar data for tax years 1997 through 2000. In conclusion, he called attention to a two page report on the amount of sales tax revenue generated from the sale of natural gas on a statewide basis, noting that the report was presented to the interim Special Committee on Assessment and Taxation.

Senator Donovan commented that, in his opinion, the Committee needs no further information on the subject in order to make a decision regarding the need to the change to a volumetric based tax on the sale of natural gas. Senator Corbin commented that the interim committee made no specific recommendation on the topic and noted that the issue is not as prominent this session because the price of natural gas is lower than last year and the winter has been mild. Senator Allen indicated that a new bill will be drafted for introduction during the 2002 Session.

The meeting was adjourned at 11:00 a.m.

The next meeting is scheduled for January 23, 2002.