

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:10 a.m. on March 7, 2002, in Room 519-S of the Capitol.

All members were present except: Senator Jenkins

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: Senator Nick Jordan
Terry Leatherman, Kansas Chamber of Commerce & Industry
Mark Tallman, Kansas Association of School Boards

Others attending: See attached list.

The minutes of the February 26, 2002, meeting were approved.

SB 581—Tax credit against the income tax liability of certain business firms

Senator Nick Jordon explained that he requested the introduction of **SB 581** after it came to his attention that there is a significant need for science and math teachers nationwide. The intent of the bill is to attract more science and math teachers to Kansas by encouraging a partnership between school districts, teachers, and business. He noted that **SB 581** offers a 25 percent tax credit on the salary paid by a business to a teacher for work outside the school year, encourages teachers in rural and underperforming urban districts by offering a 30 percent tax credit, and requires a five-year agreement to address the concern of some school officials that a teacher would leave soon after entering an agreement to join the private sector. Senator Jordon called the Committee's attention to information attached to his written testimony which documents the future impact that science and math teachers will have on students and on national security. (Attachment 1)

Terry Leatherman, Kansas Chamber of Commerce and Industry, testified in support of **SB 581** on behalf of Jim Edwards who was unable to attend the meeting. He commented that businesses in Kansas are desperately in need of workers with skills in the science and math fields. He informed the Committee that the Wichita Chamber of Commerce has successfully sponsored a program similar to the concept in the bill for several years, and the program has been more positive than negative in keeping good educators in the classroom. He noted that the number of educators wanting to participate is greater than the number of businesses that have the program in place. In his opinion, **SB 581** would spur more interest statewide. (Attachment 2)

Mark Tallman, Kansas Association of School Boards, noted that, while his Association applauds the goal of **SB 581**, it does not have a specific policy position on the bill. He related the Association's concern about any bill which would have the effect of reducing state general fund revenues at this critical time of revenue shortfalls. He suggested that **SB 581** only be considered as part of a larger revenue plan that addresses increased school funding. In addition, he expressed concern regarding the provision which requires the local school board to enter into a three-way partnership with the teacher and employer for a five-year commitment. In his opinion, school boards do not have the authority to make five-year commitments to teachers, and it might be unwise in many cases to do so. Therefore, he recommended that the local school board be removed from any formal agreement that could be interpreted as extending the employment contract or that would open the district to any liability if the teacher does not fulfill the commitment. (Attachment 3)

Senator Corbin called the Committee's attention to written testimony on **SB 581** submitted by Craig Grant, Kansas National Education Association. Mr. Grant comments that, while the underlying premise of the bill

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is a good idea, it comes at a time when the state is facing a serious revenue shortfall; therefore, it would not be in the best interest of the state to once more provide tax breaks to businesses, even for a noble cause. (Attachment 4)

Senator Corbin opened a discussion on **SB 471**, concerning local sales taxation on natural gas used for agriculture and residential purposes, which was rereferred to the Committee after it was amended by the Senate Committee of the Whole. Pursuant to the amendment, the state would retain 2 percent of the receipts, while returning 98 percent to local units levying the taxes, to help defray the administrative costs of the Department of Revenue. The 2 percent retention by the state is identical to provisions of law relating to transient guest taxes. The fiscal note from the Department anticipated additional administrative costs for FY 2003 of \$0.330 million. Assuming that \$15 million in the new volumetric taxes were to be levied by local units, the 2 percent retained by the state would produce \$0.300 million.

Senator Allen moved to amend **SB 471** by striking the floor amendment to return it to its original form and to recommend **SB 471** favorably for passage in its original form, seconded by Senator Lee. The motion carried.

The meeting was adjourned at 11:45 a.m.

The next meeting is scheduled for March 12, 2002.