

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on March 20, 2003 in Room 519-S of the Capitol.

All members were present except:

Representative Vaughn Flora

Committee staff present:

Chris Courtwright, Legislative Research Dept.  
Gordon Self, Office of Revisor of Statutes  
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Representative Bruce Larkin  
Richard Cram, Department of Revenue  
Ace Rowley, Regional Trust Executive for the  
Central Region, Bank of America  
Jack Ovel, Executive Vice-President  
Commerce Bank

Others attending:

See attached sheet

Chairman Edmonds opened the meeting with the request for any bill introductions. There were none.

For the next item of business, the Chairman asked for a motion for the adoption of the House Taxation minutes from March 3-10, 3-11, 3-12, 3-13, 3-14, and 3-17. Representative Larkin made a motion that those sets of minutes be adopted as read. Representative Owens seconded the motion. Vote was taken, minutes were adopted as read.

Chairman Edmonds opened the meeting for hearing on **HB 2266** - *Modification of definition of resident trust for income tax purposes* with Representative Bruce Larkin testifying in support of the bill. His testimony reported the bill is a proposed solution to a tax loophole that was first brought to the attention of the legislature in the early 90's. As the search continues for revenue to help solve the state's budget crisis, the first action should be to close loopholes and attempt to collect taxes that are owed. (Attachment 1)

Also appearing in support of **HB 2266**, was Richard Cram from the Department of Revenue. The Department supports the bill with a suggested amendment to mirror Missouri's definition of "resident trust: at MO. Rev. St. 143.331. **HB 2266** would significantly broaden the definition of a Kansas resident trust, to include: (1) a trust created by the will of a decedent who at the time of death was domiciled in this state; (2) a trust created by or consisting of property of a person domiciled in this state on the date the trust or portion of the trust became irrevocable; (3) a trust administered in this state; (4) a trust any of the property of which is located in this state; or (5) a trust any of the beneficiaries of which is domiciled in this state. (Attachment 2) Mr. Cram also included the suggested amendment changes to the bill. (Attachment 3)

The Greater Kansas City Community Foundation submitted written testimony in favor of **HB 2266**. (Attachment 4)

CONTINUATION SHEET

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With no further proponents for the **HB 2266**, Chairman Edmonds introduced Ace Rowley, Regional Trust Executive for the Central Region Bank of America and the first opponent. Mr. Rowley's testimony commented that the resident trust bill will focus on three areas. First, he commented on the strengths of the present statute, stating that the statute is not broken, therefore, it does not need to be fixed. Second, his comment was on the controversies that will accompany the adoption of the proposed bill. The compliance and enforcement burden that would be created by the proposed bill will be significant. His third comment was on the unintended consequences the proposed bill may cause. (Attachment 5)

Jack Ovel, Executive Vice President Commerce Bank, appeared in opposition to **HB 2266**. His opposition will emphasize the minimal positive impact this bill might have in the short run. Secondly, he commented on the unintended consequences of the bill which he believes would be significant. (Attachment 6)

With no further opponents or proponents wishing to address the bill, Chairman Edmonds closed the meeting for public hearings on **HB 2266**.

**HB 2419** was also scheduled to be heard, however, time did not permit hearing on this bill, and it will be rescheduled at a later date.

With no further business before the committee, Chairman Edmonds adjourned the meeting at 10:33 a.m.