

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 6, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Stuart Little, Johnson County Board of Commissioners

Others attending:

See attached list.

The Chairman called for bill introductions.

Representative Kirk requested a bill introduction concerning a change in the sales tax rebate. It was seconded by Representative Treaster. The motion passed.

Mr. Little, on behalf of the Johnson County Board of County Commissioners, requested that a bill be introduced authorizing and put to a public vote a .05 sales tax. Representative O'Malley moved his motion and Representative Thull seconded that motion. The motion passed.

**HB 2619 - Property taxation; relating to exemptions; certain commercial and industrial machinery and equipment.**

The Chairman opened the discussion on **HB 2619**.

Representative Owens offered two amendments: (a) The deletion of the word "solely" on lines 33 and 39. (b) On page 2, after line 10, a paragraph (4) would be inserted which would state the term "acquired" shall not include the transfer of property pursuant and exchanged for stock securities or the transfer of assets of one business entity to another due to a merger or other consolidation. Representative Dillmore seconded the motions (Attachment 1).

The Chairman divided his amendment into two parts. Representative Owens closed on part (a) of his amendment. The Chairman called for a vote and the motion passed.

After discussion, Representative Owens withdrew the second part of his motion and without objection from the second.

Mark Beck, DOR, suggested three amendments be added to **HB 2619**: (1) insertion of language related to rule and regulation authority of Secretary of Revenue, (2) striking "on or" on lines 32 and 36 (3) insertion of Section 3 that pertains to BOTA. Representative O'Malley made a motion to add their amendments to the bill. It was seconded by Representative Owens. The motion passed. A memo with data on the assessed value on machinery and equipment for 2004 and 2005, by counties was distributed (Attachment 2).

Representative Dillmore stated that since the bill would shift the tax burden from large companies to residential property, and would impact seniors, on fixed incomes, he made a motion to amend the Homestead Exemption Act to increase the income thresholds to \$50,000 and cap the property values of \$150,000, the medium value of a house in Kansas.(Attachment 3). After discussion, Chairman Wilk said that due to the complexity of the issue, he would commit to a future hearing, at which time they would address Representative Dillmore's proposed amendment to the Homestead Exemption Act. Representative Dillmore said that his amendment was in bill form (**HB 2859**). Representative Dillmore withdrew his motion, with the understanding that the issue would be discussed at a different time.

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 6, 2006 in Room 519-S of the Capitol.

Representative Thull offered an amendment that dealt with General Motors investments. Page 1, between lines 37 and lines 38, a *third* section would be added: Commercial and industrial machinery and equipment that is acquired by qualified purchase entered into after July 1, 2006 to be integrated into a project that would have a total capital investment exceeding \$100 million. Representative Kirk seconded the amendment (Attachment 4). The motion carried.

Representative Wilk made a motion to change the enactment date to include everyone in the July 1, 2006 effective date. That change would mean the specific language in Representative Thull's amendment is no longer necessary since this amendment would include it. Chairman Wilk made a motion to amend his motion to also change the dates in the Siegfried's slider amendment. Representative Goico seconded the motion and the change. The motion carried.

Representative Treaster made a motion that the Siegfried slider amendment would reimburse in years 2008 and 2009 at 100% and then start the formula of 80-60-40-20. Representative Menghini seconded. The motion carried.

Representative Huff made the motion that the Taxation Committee move **HB 2619**, as amended, out favorably. Seconded by Representative Thull. The motion carried unanimously.

### **HB 2525 - Substitute bill for property tax exemption for telecommunications and railroad machinery and equipment.**

The Chairman asked Gordon Self to brief the Committee on the bill. He explained the only difference in this new draft of the Substitute bill was that the amendment to KSA 79-2101w was deleted, as that issue had been addressed in **HB 2619** (Attachment 5)

Representative Huff moved that **HB 2525** be deleted and **Sub. HB 2525** be inserted. Representative Hill seconded the motion. The motion carried.

Representative Wilk made a motion to request the revisor to place an amendment in **HB 2525** to match up **all** of the components that were changed in **HB 2619**. Representative Thull seconded the motion. The motion carried.

Representative Dillmore made the motion to strike Sub Sec. C., page 2 of **HB 2525** and renumber the existing sub-sections accordingly. Representative Treaster seconded the motion. The motion carried.

Representative Kirk made a motion that they strike the list of specific items related to the industry and substitute the term "*tangible business property*". Representative Thull seconded the amendment. After discussion, Representative Kirk withdrew her motion with no objection by the second.

Representative Dillmore made the motion that the Committee recommend **HB 2525** to be amended in the form of the proposed Substitute for **HB 2525**, and recommend the bill favorable for passage, as amended and give the revisor authority to make any technical corrections. Seconded by Representative Hill. The motion passed unanimously.

The Chairman commended Chris Courtwright, Gordon Self, PVD and DOR staff, and Representatives that had worked tirelessly to bring this bill forward.

The meeting was adjourned at 11:00 A.M. The next meeting is February 7, 2006.