

Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on January 11, 2005 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research  
Martha Dorsey, Kansas Legislative Research  
Gordon Self, Revisor of Statutes Office  
Judy Swanson, Secretary

Conferees appearing before the committee: Steve Stotts, Department of Revenue

Others attending:

See attached list.

Senator John Vratil appeared before the Committee and requested the introduction of two bills; one to repeal the Kansas estate tax that currently exists and the second to create a free-standing Kansas estate tax, which would not be tied to the Federal tax code and is being drafted to be revenue neutral.

Senator Lee moved to introduce both bills that Senator Vratil requested. Senator Jordan seconded the motion, and the motion passed.

Senator Lee made a motion to introduce a bill that would reinstate the two county demand transfers that have been lapsed and funds would go to counties that would lose sales tax locally. Senator Bruce seconded the motion. Motion passed.

Chairman Allen distributed guidelines for conferees who wish to appear before the Assessment & Taxation Committee. (Attachment 1)

Steve Stotts, Kansas Department of Revenue, presented three bill requests from Secretary of Revenue Joan Wagon. 1) E-file readiness; 2) Federal conformity on penalty for failure to file income tax return when refund is later requested and 3) Elimination of caps from refund funds. (Attachment 2) Senator Donovan made a motion to introduce the three requested bills. Senator Lee seconded the motion. Motion passed.

Martha Dorsey, Legislative Research Department, reviewed two issues from the 2005 Special Committee on Assessment and Taxation. (Attachment 3)

The Special Committee recommended the introduction of a bill that would impose an excise tax on sexually oriented businesses, modeled after the enacted Utah law and the proposed Oklahoma legislation. The bill merits review by the House and Senate Judiciary, Senate Ways & Means and House Appropriations, and House Taxation and Senate Assessment and Taxation committees.

The Special Committee recommended no legislation be proposed concerning tax lien certificate legislation. It recommended instead the standing legislative committees examine the interest rate applied to delinquent property taxes.

Chris Courtwright then reviewed four more issues from the Special Committee.

The Special Committee recommended the context within which the Legislature views state tax policy and potential changes should always include consideration of the implications on local tax policy, especially property taxes. Standing tax committees should also monitor the implications of the growing regional differences in local sales tax rates. No legislation was requested.

Because of the concern over long-run state revenue growth issues, the Committee recommended the 2006 Legislature memorialize congress to minimize all federal preemption of state taxing authority.

## CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on January 11, 2005 in Room 519-S of the Capitol.

The Special Committee found the equity of the current vehicle valuation system remains of serious concern, and recommended the standing tax committees continue to work on developing potential amendments and alternatives.

The Special Committee recommended the standing tax committees develop criteria similar to those utilized in the early 1970s to help the legislature evaluate all future requests for sales tax exemptions. It made no recommendations regarding changes to the property tax treatment of not-for-profit organizations.

The Special Committee found Kansas employs a variety of tools to encourage the renovation of historically significant property and did not recommend the introduction of a constitutional amendment to authorize a different valuation methodology for such property.

Chairman Allen announced there would be no meeting tomorrow, and that committee hearings will resume on Thursday, January 19.

Being no further business, the meeting adjourned at 11:40 a.m.