

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:45A.M. on March 19, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Nancy Kirkwood, Committee Assistant

Conferees appearing before the committee:

Senator Peggy Palmer
Roger Werholtz, Department of Corrections

Others attending:

See attached list.

Hearing on HB 2264 - exclusion of social security benefits from Kansas adjusted gross income for income tax liability purposes

Chairperson Allen welcomed Senator Peggy Palmer to the Committee, appearing in support of **HB 2264**. Senator Palmer testified eliminating the income tax on Social Security benefits is one of the priority agenda items for the Senate Republicans this session (Attachment 1). If enacted, **HB 2264** would allow seniors on fixed incomes greater independence and security.

The Chair requested Chris Courtwright, Legislative Research, give a brief review to the Committee on **HB 2264**. There are three major provisions in the bill: 1) complete 100% subtraction modification for Social Security benefits. The House passed this bill. 2) House floor amendment, expansion of the Homestead program, would allow taxpayers to exclude Social Security benefits from the definition of income for the purpose of qualifying for the Homestead program. 3) House floor amendment, expansion of the Earned Income Tax Credit (EITC) program.

Jim Snyder appeared before the Committee in support of **HB 2264** (Attachment 2). He stated there are 400,000 persons over the age of 65 in the state of Kansas, many who would receive help through tax benefit from the passage of **HB 2264**.

There being no others present to testify on **HB 2264**, the Chair closed the hearing.

Hearing on SB 382 - sales tax exemption for contractors constructing or reconstructing facilities at state correctional institutions or privately constructed correctional institutions contracted for state use and ownership.

Chris Courtwright gave a brief review of **SB 382**.

Chairperson Allen opened the hearing on **SB 382**, and recognized Roger Werholtz, Kansas Department of Corrections (KDOC) to the Committee. Roger appeared in support of **SB 382**, stating that the capacity expansion of major construction projects of KDOC over the last decade has been bond-financed. This bill would allow the KDOC to forego financing the cost of the sales tax (Attachment 3).

Written testimony in opposition to **SB 382** was distributed from April Holman, Kansas Action for Children (Attachment 4).

The Kansas Department of Revenue (KDOR) presented a balloon with two recommended technical changes (Attachment 5).

Chairperson Allen asked for others to testify on **SB 382**, and there being none, the hearing was closed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:45A.M. on March 19, 2007 in Room 519-S of the Capitol.

Discussion and possible action:

Chairperson Allen turned the Committee's attention to the utility bills the Committee had worked on previously.

Gordon Self reviewed **HB 2038**, Nuclear power plants; application of siting act; property tax exemption.

Senator Derek Schmidt made a motion to amend **HB 2038**, as previously amended by the Committee, to include the provisions of HB 2405, Income tax credits and grant program for development of certain historic sites. Senator Pine seconded the motion, and the motion carried.

Senator Derek Schmidt moved to further amend **HB 2038**, as amended, to include the provisions of **HB 2476**, Transfer of specified real property in Johnson county, property tax consequences. Senator Donovan seconded the motion. The motion carried.

Senator Schmidt made a motion to pass **HB 2038** out of committee favorably, as amended, and for the Revisor to have discretion to make it a substitute bill. Senator Donovan seconded the motion. The motion carried.

Senator Apple made a motion to pass **SB 291**, Excise tax on certain sexually explicit businesses, favorable for passage. Senator Bruce seconded the motion. The motion carried.

Chairperson Allen brought the Committee's attention to **HB 2419**. Gordon Self reviewed **HB 2419**, the carbon dioxide reduction act. **HB 2419** generally provides incentives for capturing carbon dioxide and storage, and provides for regulation of underground storage of carbon dioxide.

Senator Lee made a motion to pass **HB 2419** favorably. Senator Donovan seconded the motion. The motion carried.

Further discussion on **HB 2240**, Sales taxation; sales tax exemptions; services for rebuilding of public utility facilities was held. There were concerns brought to the Committee regarding the deletion of the word "repair" in the KDOR's amendment.

Chairperson Allen informed the Committee it would not be working **HB 2240** today.

Information on the FEMA Public Assistance Grant Program was furnished to the Committee in a handout.

Approval of minutes

Senator Donovan moved to approve the minutes of the March 13 and 14 meetings. Senator Schmidt seconded the motion. The motion carried.

Chairperson Allen informed the Committee it would be meeting tomorrow, March 20, with the intention of working the bills heard today. The meeting adjourned at 11:45 a.m.