

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 26, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Representative Jene Vickrey  
Sherrie Riebel, Allen County Clerk  
Harriet Lange, President, KS Asso. Broadcasters  
Joan Barrett, KWCH Television  
Randall Allen, KS Asso. Of Counties

Others attending:

See attached list.

Representative George introduced his intern, Jessie Casterline, a student at Kansas University. Representative Brunk introduced Chris Moffatt, his intern, a senior at Kansas University.

**HB 2581 - Libraries; tax levies; based on preliminary of property values.**

Chris Courtwright said that the bill related to regional public library systems and their request to change the statute to allow the libraries to use the July preliminary abstract of values instead of the final November action.

The Chairman opened the hearing on **HB 2581**.

Representative Jene Vickrey, the sponsor of **HB 2581** said that the bill would help with the timeliness of mill levy calculation done in the county offices pertaining to regional libraries (Attachment 1). He said that in attendance were three Master County Clerks that would provide answers to technical questions.

Sherrie Riebel, Allen County Clerk, appeared before the Committee in support of **HB 2581** (Attachment 2). She introduced Linda Schreppel, Labette County and Kathy Peckman, Miami County. Riebel testified that problems arise every year because each county has a different time schedule to complete their values, tax levies and tax statements. A variety of reasons may delay a clerk's ability to certify values on time, such as: mistakes on state utilities, clerical errors, and programing programs. The county clerks support the use of the July abstract of values (certified preliminary abstract) for setting levies to produce tax statements, since these would have already been reported. Explanatory letters had been sent to the state and regional libraries and no one had expressed opposition to the bill. She urged passage of **HB 2581**.

The Chairman closed the hearing on **HB 2581**.

**HB 2618 - Property tax exemption and credit for certain digital television and radio equipment used in broadcasting television and radio shows.**

Gordon Self explained that the bill is a property tax bill which 1) exempts digital broadcasting equipment machinery and equipment purchased after January 1, 2006 from property taxation; and 2) provides a property tax credit on certain digital equipment purchased prior to January 1, 2006.

The Chairman opened the hearing on **HB 2618**.

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 26, 2006 in Room 519-S of the Capitol.

### **Proponents:**

Harriet Lange, President, KS Association of Broadcasters testified in support of **HB 2618** (Attachment 3). She said the intent of the bill was to exempt or provide a credit for any equipment which produces, originates, modifies, controls, conveys, enhances, or measures the digital signal that is broadcast as a show, program or commercial. It was their intent that the equipment which would qualify for this special treatment would be limited to the equipment that was in the digital "pipeline" and exclude equipment which could handle an analog signal without conversion. Included in her testimony were: 1) spread sheet which provided the television tax savings by county; 2) proposed amendment, which would allow country appraisers to remove digital equipment from the tax rolls without having an exemption application filed with the Board of Tax Appeals; 3) Definitions and process of television and radio conversion.

Joan Barrett, General Manager, of four Kansas television stations explained that the broadcast business had been forced by a federal mandate to spend millions of dollars on equipment and increased operating costs. While incurring those costs they had not realized any return on that investment (Attachment 4). She urged their thoughtful consideration of **HB 2618**.

Mark Beck said in order to address this issue the Department of Revenue had worked out specific procedures for the counties to identify separate listings in order to differentiate between properties that are exempt and properties that received a credit. They assumed that most purchases made recently would be digital, unless they were replacement systems.

### **Opponents:**

Randall Allen, KS Association Of Counties appeared in opposition to **HB 2618** (Attachment 5). Their objection was that the Legislature was being asked to provide a property tax exemption and credit for something that was ordered by a federal regulatory agency. Although it would provide tax relief to the broadcasters it would shift the burden to everyone else. They suggested that it would be more prudent for the broadcasters in Kansas to seek relief from Congress, or the level of government which imposed the mandate. They believed the bill was an inappropriate mitigation strategy.

In response to a question concerning whether the exemption portion of **HB 2619** would cover broadcasting equipment, etc. if the bill were to pass, there was staff consensus that it would be covered for purchases made *after* January 1, 2007. The Chairman asked for a verification of their consensus before the next discussion of **HB 2618**.

The Chairman closed the hearing on **HB 2618**.

The Chairman queried the Committee to determine if there was any objection to working **HB 2581**. Seeing none, he turned attention to **HB 2581** regarding libraries heard earlier in the meeting.

Representative Owens moved that they report **HB 2581** favorable for passage and due to its non-controversial nature, be placed on the consent calendar. Representative Goico seconded the motion. The motion carried.

The Chairman advised the Committee that they would take action on **HB 2619** on Wednesday, February 1. Copies of a Substitute bill were distributed (Attachment 6). The Chairman reviewed the procedure for the use of a Substitute bill. The Substitute bill before them had been drafted from balloons submitted at the January 25 meeting by representatives from the telecom/communication and railroad industries and addressed the utility portion of **HB 2619**. The Chairman noted that the only change to their balloon was that the effective date was changed to January 1, 2007, instead of January 1, 2006. **HB 2525** would be the vehicle for the new language. He urged the Committee to review the substitute bill before February 1 and if anyone noted problems or had concerns, please document them and pass them on to Revisor Self. It was noted that there would be a fiscal note distributed and reviewed before any action taken.

The meeting was adjourned at 10:30 A.M. The next meeting is January 27, 2006.