

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:30 A.M. on January 18, 2006 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:

State Senator John Vratil
Martin Dickinson, Kansas University Professor
Bill Waugh, Attorney
Jim Weisgerber, Kansas Department of Revenue
Brad Harrelson
Allie Devine
Marlee carpenter
Leslie Kaufman, Kansas Cooperative Council (Written Only)

Others attending:

See attached list.

Senator Donovan requested the introduction of two bills. The first concerning a tax exemption for the Kansas Food Bank Warehouse in Wichita; and the second to change property tax on automobiles in Kansas. Senator Bruce moved the introduction of both requested bills. Senator Pine seconded the motion, and the motion passed.

Hearing on: SB 356—concerning estate tax taxation
SB365—enacting the Kansas estate tax law

Senator John Vratil testified the Kansas estate tax is clearly dysfunctional. (Attachment 1) He shared examples of some of the more bizarre aspects of the current estate tax. The state will incur a loss of approximately \$50 million in annual revenue if the estate tax is repealed.

Martin Dickinson, Kansas University Law Professor specializing in tax law, said the existing estate tax has significant problems, and should be fixed, but indicated no preference between adopting a stand-alone estate tax for Kansas and repealing the Kansas estate tax. (Attachment 2) He distributed copies of his published article, The Kansas Estate Tax Problem. (Attachment 3)

Bill Waugh, attorney, testified he has experienced numerous problems with his clients regarding the existing Kansas estate tax law, especially in the Kansas City area where Kansans move across the state line to Missouri to avoid the estate tax. (Attachment 4)

Jim Weisgerber, Kansas Department of Revenue, reviewed provisions in **SB 365**. (Attachment 5) The current estate tax will become almost impossible to administer. The State only has two employees who work on the problems with the estate tax and its collection.

Brad Harrelson, Kansas Farm Bureau, thanked the Committee for **SB 356**, and said KFB opposes any type of death tax. (Attachment 6)

Senator Donovan requested Legislative Research to provide information about what other states are doing in regard to estate taxes.

Allie Devine, Kansas Livestock Association, testified in favor of **SB 356** and in opposition to **SB 365**.

CONTINUATION SHEET

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(Attachment 7) She said the estate tax should be repealed because it disrupts businesses, reduces incentives to save and invest, is difficult to administer, and has a negative impact on environmental conservation. She included "The Economics of the Estate Tax: An Update from the Joint Economic Committee of the United States Congress" with her testimony. She will provide the Committee with suggested amendments to **SB 365**.

Marlee Carpenter, The Kansas Chamber, testified in favor of **SB 356** (Attachment 8) and in opposition to **SB 365** (Attachment 9) She provided a proposed KDOR regulation revising the definition of residency with her testimony.

Written testimony was received from Leslie Kaufman, Kansas Cooperative Council in support of **SB 356**. (Attachment 10)

A memo entitled, Estate Tax Receipts Under Current Law, **SB 365** and **SB 356**, was presented by Legislative Research. (Attachment 11)

Hearing on **SB 356** and **SB 365** was closed.

Senator Donovan moved to approve the January 11 Committee meeting minutes. Senator Bruce seconded the motion, and the motion passed.

Richard Cram, on behalf of Governor Sebelius, requested a military check off bill for a military family relief fund. Senator Schmidt moved to introduce the requested bill. Motion was seconded by Senator Donovan and was passed.

Being no further business, the meeting adjourned at 11:35 a.m.