

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on February 13, 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
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Senator Mark Taddiken
Jere White
Senator Chris Steineger
Miles Schnaer
Tom Thompson
John Ellena
Senator Roger Pine
Duane Simpson
Leslie Kaufman
Jennie Chinn

Others attending:

See attached list.

Senator Apple moved to report **SB 198** favorably for passage. Senator Donovan seconded the motion, and the motion carried.

Chris Courtwright reviewed **SB 91** and **SB 92**.

Senator Lee moved to make a technical amendment to **SB 92** on Line 39 by using the same language that is used on Lines 30 and 31 of the bill. Senator Schmidt seconded the motion, and the motion carried. Senator Apple moved to further amend **SB 92** by amending the bill to require weekly collection of sales taxes rather than daily collection of sales taxes. Senator Schmidt seconded the motion, and the motion carried. Senator Lee moved to report **SB 92** as amended favorably for passage. Senator Schmidt seconded the motion, and the motion passed.

Senator Lee moved to report **SB 91** favorably for passage. There was no second to the motion.

Senator Apple moved to table **SB 91**. Senator Bruce seconded the motion. The motion carried with Senator Lee voting No.

SB 298--Property tax exemption for storage structures used for the storage of cellulose matter

Hearing was opened on **SB 298**. Senator Mark Taddiken testified in support of the bill. (Attachment 1) He said newly constructed cellulosic storage facilities would qualify for the same tax treatment that grain and hay storage structures currently receive.

Jere White, Kansas Corn Growers, testified the bill sets a framework to encourage preparation for the day when cellulosic ethanol plants begin to spring up in Kansas. (Attachment 2) Kansas has much to gain from cellulosic ethanol production.

Hearing closed.

SB 140--Income tax credit for hybrid motor vehicles and fuel efficient motor vehicles

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Hearing was opened on **SB 140**.

Senator Chris Steineger testified SB 140 would simplify the current law. (Attachment 3) It would give a \$750 individual income tax credit to those who purchase a Hybrid vehicle or a vehicle that gets over 40 MPG. It is supported by automobile businesses and promotes cleaner air and sustainable energy use by promoting low emission vehicles. He noted the General Motors Fairfax plant will be producing Hybrid cars. This bill is just a small step in the big picture for reducing dependency on imported oil, but a step in the right direction. He said he did not understand why the fiscal note was so large.

Miles Schnaer, Kansas Automobile Dealers Association, testified in support of **SB 140**. (Attachment 4) Incentive programs such as this will encourage consumers to take a closer look at alternative-fueled vehicles. Eventually, hybrid vehicles will have to appeal to consumers based on their own attributes like any other product, but first consumers must be encouraged to try the new technology.

Tom Thompson, Kansas Chapter of the Sierra Club, said the biggest single step the United States can take to curb global warming and save oil is to raise the fuel economy of our vehicles. (Attachment 5) If this bill is enacted, it will help encourage people to buy hybrids and high mileage cars and help decrease greenhouse gasses and their effect on ecosystems throughout the world.

John Ellena testified in support of **SB 140**. (Attachment 6) It is much more expensive to produce a vehicle with hybrid technology than one with a traditional engine. This bill would promote cleaner air and sustainable energy by encouraging Kansans to purchase and drive high fuel economy and low emission vehicles.

Hearing closed.

SB 278--Sales tax exemption for precision farming equipment

Hearing on **SB 278** was opened with Duane Simpson, Kansas Agribusiness Retailers Association, testifying in support of the bill. (Attachment 7) His objective is to ensure the term "farm machinery and equipment" is representative of traditional farm machinery and equipment, as well as new technology-derived farm machinery and equipment. He thought the fiscal note should be between \$100,000 and \$200,000. ATVs should be excluded from this bill.

Leslie Kaufman, Kansas Cooperative Council, supports **SB 278**. (Attachment 8) The bill updates the current tax exemption approach to better reflect what is happening on the ground in modern agriculture practices. She presented written testimony from Dana Peterson, Kansas Association of Wheat Growers, supporting the bill. (Attachment 9)

During discussion, Richard Cram, KDOR, said the language in **SB 278** goes beyond the KDOR's working definition of precision farm equipment. Senator Pine said that was not the intent of the bill. Mr. Cram will provide a written statement of what is currently considered precision farming equipment. Mr. Simpson said some of the equipment is portable, and some of the equipment is permanently attached. Interested parties will meet and draft an amendment to clarify the language in the bill.

Hearing was closed.

SB 331--Income tax credits and grant program for renovation, preservation or operation of certain historic sites

Hearing was opened on **SB 331**. Jennie Chinn, Kansas State Historical Society, said many historic sites are struggling to fulfill their missions. (Attachment 10) The proposed tax credits in this bill for donations to historic sites, would greatly enhance chances of obtaining increased financial donations from private donors. She would like clarification on how the ten sites for inclusion will be selected. Senator Schmidt said there are several mechanical problems with **SB 331** and offered to assist in revising the bill into a less costly and more streamlined bill. At the request of Senator Allen, Senator Schmidt agreed to bring a balloon

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amendment back to the Committee for consideration.

The hearing was closed.

A letter from Senator Susan Wagle was distributed with language she would like considered when the Committee works **SCR 1602**. (Attachment 11)

Written testimony supporting **SB 59** from the Kansas Board of Regents was entered into the record. (Attachment 12)

Written testimony from the Kansas Chamber expressing concerns about certain provisions in **SB 115** was entered into the record. (Attachment 13)

Senator Bruce moved to approve the minutes of the February 7 Committee meeting. Senator Jordan seconded the motion, and the motion carried.

Being no further business, the meeting adjourned at 11:45 a.m. The next meeting will be February 14.