

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on March 17, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Conferees appearing before the Committee:

Allie Devine, Kansas Livestock Association
Jonathan Dilly, Slagle, Bernard, and Gorman, P.C.
Professor Martin Dickinson, Kansas University School of Law
Brad Harrelson, Kansas Farm Bureau
Jim Weisgerber, Tax Specialist, Kansas Department of Revenue

Others attending:

See attached list.

Chairman Carlson stated that House Taxation minutes for March 9, March 10, March 11 and March 12, 2009 were e-mailed to the committee members for approval and are accepted as written.

Bill introductions:

Representative Hayzlett made a motion to introduce a bill concerning a persons constitutional right to hunt and fish. Representative Powell seconded the motion. The motion carried.

HB 2379 - Valuation of land devoted to agricultural use under Kansas estate tax act.

The Chairman opened the hearing on **HB 2379**.

Chris Courtwright, Kansas Legislative Research Department, briefed the committee on **HB 2379**. He stood for questions.

Allie Devine, Kansas Livestock Association, testified in support of **HB 2379** (Attachment 1). Ms. Devine stated that Kansas Department of Revenue analyzes the law according to "who owns the property" and not "what is the use of the property" being valued. It is the Kansas Livestock Association's opinion that agricultural land is agricultural land and does not matter who owns the land. She stood for questions.

Jonathan Dilly, Slagle, Bernard, and Gorman, P.C., testified in support of **HB 2379** (Attachment 2). In his testimony he stated that **HB 2379** would put all Kansas farm families on an equal footing and not penalize those families who choose to utilize common estate planning vehicles to avoid the burden of probate, to provide centralized management after death, to involve successive generations in the family business, and allow interests to be gifted without fractionalized ownership.

Martin Dickinson, Kansas University School of Law, testified in support of **HB 2379** (Attachment 3). Professor Dickinson stated he was speaking as a citizen, not on behalf of Kansas University. Mr. Dickinson helped draft **HB 2379**. He believes that the Department of Revenues position that K.S.A. 79-15, 206 applies only to land directly owned by the decedent or by an entity of which the decedent is the sole owner. He explained the intent of the original bill and made suggestions for amendments that would help clarify that intent. The suggestions are:

- Delete "subchapter S" in line 16. There is no reason to limit the benefits of the bill to corporations that have made the subchapter S election, because the bill applies only to entities that are not publicly traded.
- Delete "but before January 1, 2010" in line 23. K.S.A. 79-15, 253, as amended, would repeal **HB 2379** along with the rest of the Estate Tax Law on January 1, 2010.

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on March 17, 2009, in Room 535-N of the Capitol.

Brad Harrelson, Kansas Farm Bureau, testified in support of **HB 2379** (Attachment 4). **HB 2379** will clarify the inconsistencies in the Kansas Estate Tax . Kansas Department of Revenue interprets that only land owned directly by the decedent can be valued according to “use value” method.

Jim Weisgerber, Tax Specialist, Kansas Department of Revenue, testified in opposition to **HB 2379** (Attachment 5). Mr. Weisgerber explained that the Department of Revenue does not oppose the language of the bill but does oppose the retroactive clause in the bill. The Kansas Department of Revenue is concerned with the fiscal note attached to **HB 2379** which is \$.53 million in fiscal year 2010. Mr. Weisgerber stood for questions.

The Chairman closed the hearing on **HB 2379**.

Chairman Carlson introduced his niece, Katy Adams and her friend, Slayde Meyer, who are pages today at the capitol.

Representative Lukert introduced his wife, Linda and their daughter, Christy Bennett to the committee.

The next meeting is scheduled for March 17, 2009.

SB 228 - Providing a property tax exemption for certain leased vehicles.

Representative Siegfroid made a motion to move SB 228 favorably for passage. Representative Dillmore seconded the motion. The motion carried.

The meeting was adjourned at 10:20 a.m.