

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:10 a.m. on March 26, 2002, in Room 519-S of the Capitol.

All members were present except: Senator Donovan

Committee staff present: Chris Courtwright, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list.

The minutes of the March 25, 2002, meeting were approved.

Senator Corbin reopened the discussion on **HB 2569**, concerning funding for the Kansas Board of Regents Foundation, which the Committee recommended favorably for passage on March 25. He reminded the Committee that it was assumed that the bill was revenue neutral when the Committee voted to recommend it favorably for passage. However, he had since received information from the Department of Revenue indicating that it will not be revenue neutral in 2003 due to the fact that the Board will not pay back the tax credits until 2004. The Department estimates that the impact on the State General Fund for 2003 would be approximately \$5.55 million. Senator Corbin informed the Committee that the bill has not yet been read in on the floor of the Senate; therefore, the Committee could choose to reconsider its recommendation in light of the new information on the fiscal note. Senator Clark, who moved to recommend the bill favorably, commented that he believes that the bill is good policy. He suggested that the bill could be discussed further in a conference committee. It was the consensus of the Committee not to reconsider its recommendation.

Senator Corbin turned the Committee's attention to the continued consideration of a proposal by Senator Jenkins to amend **HB 2091**. He reminded the Committee that at the March 25 meeting Senator Jenkins moved to delete the current contents of **HB 2091**, to insert her proposed amendment, and to recommend the bill favorably for passage as amended. Senator Jenkins noted that the Committee requested fiscal notes and a list of all the manufacturers referenced in New Section 2. With regard to the manufacturers included, Chris Courtwright, Legislative Research Department, distributed copies of the NAICS 2002 Codes and titles, Sectors 31 through 33 and 5511. (Attachment 1) Mr. Courtwright also distributed copies of a memorandum regarding the fiscal note on **HB 2091**. (Attachment 2) In addition, the Committee was given copies of list of equipment and machinery tax incentives for each state which was provided by Bernie Koch, Wichita Chamber, upon request at the March 25 meeting. (Attachment 3)

With regard to the fiscal note, Senator Corbin pointed out that the six year total is \$92.725 million. Senator Clark commented that Goodyear Tire would be eligible for a ten year property tax abatement on all of its equipment without passage of the proposal. Senator Jenkins expressed her concern that, in general, not allowing the proposal would be "penny wise and pound foolish." She pointed out that Kansas is currently at a disadvantage in attracting expansion of manufacturing projects because states that have no personal property tax on machinery and equipment are competing for the same projects. She noted that there is no "hit" for 2003 and emphasized that the bill would have a positive effect on state funding for education and government. Senator Goodwin agreed with Senator Jenkins' sentiments, noting that all jobs that are created, such as in the aviation industry in Wichita, add a large amount to the tax base. In her opinion, the bill involves a minimal amount to help Kansas businesses in very difficult economic times. Senator Praeger noted that jobs recently lost in various sectors in Kansas have had a negative fiscal impact on the state.

Senator Lee commented that the Legislature tends to respond to huge businesses but not to small "Mom and Pop" businesses. In her opinion, small businesses and huge businesses should be equally addressed. Senator

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 11:10 a.m. on March 26, 2002, in Room 519-S of the Capitol.

Jenkins expressed her opinion that her proposal has the right balance for passage and cautioned that the chance for passage of the bill would be greatly decreased if it is amended to include other industries.

Senator Corbin called for a vote on Senator Jenkins' motion on March 25 to amend **HB 2091** and recommend it favorably for passage as amended. He was in doubt of the voice vote and called for a division. The motion carried on a five to four vote.

The meeting was adjourned at 11:25 a.m.

The next meeting date is to be announced.