

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:05 A.M. on January 9, 2007 in Room 519-S of the Capitol.

All members were present except: Representative Paul Davis  
Representative Tom Holland

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Office of the Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the Committee:

Representative Siegfried  
Representative Carlson

Others attending:

See attached list.

The Chairman welcomed members to the 2007 Taxation Committee meeting. Committee members and staff introduced themselves. Representative Wilk's noted that there were many new representatives to the Legislature, as well as new members to the Tax Committee. He explained the responsibility and challenges that faced the Committee, reminding them that it is their responsibility to always consider the impact of additional or expanded taxes to the state and local units of government. Representative Wilk explained the process of public hearings, and exempt committee status.

The Chairman called for bill introductions.

Representative Siegfried made a motion to introduce a bill regarding a slider correction to the Business Machinery and Equipment Exemption. It was seconded by Representative Hayzlett. The motion carried.

Representative Siegfried made a motion to introduce a bill amending the constitution regarding property tax restrictions to restrict the growth of property tax, across the board, to the CPI urban. Representative Carlson seconded the motion. The motion carried.

Representative Siegfried made a motion to introduce a bill that would amend the constitution to cap property tax growth on primary residences for citizens that are 65 years of age or older. Representative Whitham seconded the motion. The motion carried.

Representative Siegfried made a motion to introduce a bill that would exempt Masonic lodges from property tax. Representative Hayzlett seconded the motion. The motion carried.

Representative Siegfried made a motion to introduce a bill regarding a 40% straight line reduction of unemployment tax. Representative Peck seconded the motion. The motion carried.

Representative Carlson made a motion to introduce a bill that would repeal the Kansas Franchise Tax, effective 2007. Representative Siegfried seconded the motion. The motion carried.

Chris Courtwright, Legislative Research Department, explained that during the interim session they studied nine topics: 1) Homestead Expansion Program; 2) Truth in Taxation Local Budget Law; 3) Residential Property Tax Valuation Cap; 4) City Development Excise Taxes; 5) State and Local Tax Policy; 6) Qualifications and Employment of State Board of Tax Appeals (SBOTA) Members; 7) Tax Incidence and Tax Base Erosion; 8) County Local Sales Tax; and 9) Motor Fuel Tax at Border. The following three topics were reviewed while the other six topics will be reviewed at a later time.

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 9, 2007 in Room 519-S of the Capitol.

### **2006 Interim Topics**

#### **County Local Sales Tax**

Martha Dorsey, Legislative Research Department, reviewed the history of county and city local sales tax authority and distribution in Kansas (Attachment 1). She reviewed the previous Committee activities related to county sales tax and said the Interim Committee decided to make no recommendations.

#### **Qualifications and Employment of State Board of Tax Appeal (SBOTA) Members**

Martha Dorsey, Legislative Research Department, reviewed the history of SBOTA membership and qualifications, as well as previous legislation (Attachment 2). She provided an overview on canons in the Code of Judicial Conduct and Committee activities. She reviewed the recommendations made by the Committee, which included; expansion of SBOTA from three to five members and that a letter be drafted requesting an Attorney General's opinion to clarify a number of issues.

#### **Homestead Expansion**

Chris Courtwright, Legislative Research Department, provided background on the history of the Homestead Program, including criteria for eligibility and the impact of 2006 expansion (Attachment 3). He reviewed the activities of the Committee during the fall interim session, as well as 3 Committee recommendations: 1) Introduction of legislation that would reduce "rent constituting property taxes paid" from 20 to 15 percent; 2) Introduction of legislation that would exclude from the program persons with assets in excess of \$250,000; 3) Introduction of legislation that would authorize KDOR to deny claims of taxpayers who are renters reporting income that is 150 percent or less of their annual gross rental amount, unless additional information is provided by the taxpayers.

The meeting was adjourned at 10:35 a.m. The next meeting is January 11, 2007.