

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 18, 2008 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Ryan Hoffman, Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Mike Kiegerl  
Representative Peggy Mast  
Tony Wellever, KS Association Medically Underserved  
Kevin Robertson, Kansas Dental Association  
Marilyn Page, Executive Director, Marian Clinic  
Lisa McKenzie, private citizen  
Representative Tom Sloan, (written only)  
Nikki King, Health Care Access (written only)

Others attending:

See attached list.

The Chairman thanked the committee for their consolidated efforts which helped pass the pertinent tax bills out of the house last Friday. He commended Representative Whitham for his work on the bill.

**HB 2931 - Income tax credit for certain adoption expenses.**

Chris Courtwright, Legislative Research Department, said **HB 2931** would allow a taxpayer to claim both the adoption credit allowed by Section 23 of the *Internal Revenue Code* in addition to the \$1,500 state credit for adopting a child in the custody of the Department of Social and Rehabilitation Services (SRS). The bill would be effective for tax years beginning after December 31, 2003, and would allow amended returns to be filed for tax years 2004 and 2005 if the taxpayer claimed only the federal credit or the \$1,500 state credit allowed for the adoption of a child in the custody of SRS.

The Chairman opened the public hearing on **HB 2931**.

Representative Peggy Mast said this was a small bill that puts language in the statute that allows the tax credit to do what it was intended to do in the first place. Kansas has an income tax credit for adoptions of SRS or special needs children, but that statute has a flaw that has allowed parents to fall through the cracks on this credit (Attachment 1). She introduced Lisa McKenzie, a constituent, who has experienced the broken system.

Lisa McKenzie, testified that they did not adopt their daughter for tax purposes, but she argued the lawmakers would not have intended to penalize those people who have taken, into their homes, a special needs child by disallowing the federal credit. They must have intended to add to the federal credit and give us an additional tax benefit for adopting a child out of the Kansas SRS system (Attachment 2).

The Chairman said that he would flag this issue for an interim study in order to look at ways to incent and encourage parents to adopt more Kansas SRS and/or special needs children. The Chairman closed the public hearing on the bill.

**HB 2868 - Income tax credit for expenditures to make facilities accessible to individuals with a disability.**

Chris Courtwright, Legislative Research Department, said under current law, the income tax credit

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for expenditures made by a taxpayer to make the taxpayer's principal dwelling or the dwelling of a lineal ascendant or descendant accessible to individuals with a disability is \$9,000 or an amount equal to the applicable percentage of expenditures, whichever is less. **HB 2868** would increase this credit to the lesser of \$25,000 or the applicable percentage of expenditures. The applicable percentage is based on the taxpayer's Kansas adjusted gross income. The bill would increase the gross income levels by \$10,000 for the applicable percentage. **HB 2868** would also increase from \$10,000 to \$25,000 the maximum available credit for making all or any portion of an existing facility accessible to individuals with a disability.

The Chairman opened the hearing on **HB 2868**.

Representative Kiegerl said that this legislation refers to a disabled person's access credit. The importance of the bill is that while material plus labor costs have increased substantially in the last twelve years, the allowable tax credit has not. The alternative may be that some poor older people who can not afford to modify their home will be forced to go into a nursing home. This legislation may help them stay in their home and if they have to depend on a government sponsored program, such as Medicaid, it will be more economical for the state as well (Attachment 3).

The Chairman requested that data be provided on the past and current usage of this tax credit. An additional request was to see the documentation that is required for this tax credit. Richard Cram agreed to provide the data. There was a technical question on language in the bill and Gordon Self agreed to provide illustrations that would help clarify the issue.

The Chairman closed the hearing on **HB 2868**.

Representative Crum introduced Tory Beltz, Mikayla Fisher and her mother Laurell Fisher. The girls are his pages from Rose Hill. Representative Bowers introduced her son, Caleb Bowers, who served in the Senate yesterday.

### **HB 2809 - Income tax credit for certain physicians and dentists who contribute professional time to treat medically indigent persons.**

Ryan Hoffman, Legislative Research Department, said **HB 2809** would provide a refundable income tax credit for physicians and dentists who donate their time to provide free care to indigent patients. The credit would equal \$45 per hour of donated time in excess of 40 hours, and the credit could not exceed \$3,000 per taxpayer. In addition, the total amount of credits could not exceed \$1.0 million. The bill would apply to tax years 2008 through 2011.

The Chairman opened the hearing on **HB 2809**.

Tony Wellever - KS Association Medically Underserved, said they fully support **HB 2809**, and believe it could make a difference in enlisting volunteer doctors and dentists to the program. However, they offered the following two amendments: In lines 30 and 33, the bill refers to "non-profit community service organizations" without defining the term anywhere in the bill or citing another section of Kansas statutes. On line 15, the bill uses the term "indigent care clinic" and cites the definition at KAS 75-6102. They believe the terms "non-profit community service organization" and "indigent care clinics" are used interchangeably in the bill. To reduce ambiguity and in the interest of continuity, they recommend replacing all reference to "non-profit community services organization" with "indigent care clinic" (Attachment 4).

Kevin Robertson, Kansas Dental Association, testified in support of the legislation which would provide a tax credit to dentists who volunteer more than 40 hours/year at a community health clinic. He suggested another way for professionals to track their volunteer hours, making it easier for the KDOR. He explained various community programs that are currently being provided (Attachment 5).

Marilyn Page, Executive Director, Marian Clinic, rose in support of **HB 2809**. She said the legislation would provide an added incentive for those doctors already volunteering. For those doctors not yet volunteering, it may be the added boost they need to begin doing so (Attachment 6).

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Dan Morin, Kansas Medical Society said the Society is supportive of the bill, however it is important to address several items. First, the bill apparently limits the total credits allowed to \$1 million annually, It does not say how that would be administered. A health care provider, after providing services, may find that the limit has already been reached and that seems a bit unfair and unworkable. Secondly, they suggest clarification of “physician” means “a person licensed to practice medicine and surgery” in order to consistent with existing Kansas law (Attachment 7).

Testimony was received from Representative Tom Sloan, that stated this bill is more narrowly crafted than last year’s bill as the result of changes suggested by staff from KDOR, indigent care clinics, and health care providers (Attachment 8). The testimony clarified the community needs and objectives outlined in **HB 2809**.

It was noted that testimony was received from Nikki King, Health Care Access in support of the bill (Attachment 9). The Chairman closed the public hearing on **HB 2809**.

The meeting adjourned at 10:25 A.M. The next meeting is March 19, 2008.