

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:31 p.m. on January 31, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Brunk-excused
Representative Goico-excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Principal Economist, Kansas Legislative Research Department (KLRD)
Michael Wales, Kansas Legislative Research Department
Marla Morris, Committee Assistant
Allen Jeffus, Office Assistant

Conferees appearing before the Committee:

J. Kent Eckles, Vice President of Government Affairs, The Kansas Chamber
Mark Desetti, Kansas National Education Association, (KNEA), Kansas Association of School Boards, United School Administrators/Kansas, Schools for Fair Funding, Schools for Quality Education, Kansas Families for Education, Kansas City USD 500, Topeka USD 501, Wichita USD 259, and Olathe USD 233
Bernie Koch, Kansas Economic Progress Council

Conferees providing written testimony only:

Derrick Sontag, Americans for Prosperity
Doug Kinsinger, Greater Topeka Chamber of Commerce
Cindy Cash, Kansas City Kansas Chamber of Commerce
Deb Settle, Northeast Johnson County Chamber of Commerce
Tracey Osborne, Overland Park Chamber of Commerce
Dennis Lauver, Salina Area Chamber of Commerce
Tom Wiegand,
Ron Gaches, Kansas Society of Professional Engineers
Jewel Scott, Civic Council of Kansas City
John Peterson, Economic Lifelines
Scott Heidner, American Council of Engineering Companies of Kansas

Others attending:

See attached list.

Bill Introductions:

Representative Calloway moved introduction of a bill for a Kansas income tax reporting true-up act, bringing Kansas into alignment with the social security reporting requirements of the federal government. The motion was seconded by Representative Schwartz, and the motion carried.

Representative Calloway moved introduction of a bill pertaining to increased accountability and eligibility definitions of the Kansas Food Sales Tax. Representative Kleeb seconded the motion. The motion carried.

Representative Calloway moved introduction of a bill addressing increased accountability and eligibility definitions of the Kansas Homestead Act, seconded by Representative Powell, the motion carried.

Representative Calloway moved introduction of a bill to make changes congruent with regional practice within the Kansas Earned Income Tax Credit. The motion was seconded by Representative Weber. The motion carried.

John Federico requested introduction of a committee bill to legislate changes to KS-19 610, removing mill levy limit on fire districts, making the statute consistent with changes that were made to the law in 1999. Representative Carlson moved introduction of the requested committee bill, Representative Frownfelter seconded the motion, and the motion carried.

CONTINUATION SHEET

Minutes of the House Taxation Committee at 3:31 p.m. on January 31, 2011, in Room 783 of the Docking State Office Building.

Chairman Carlson opened the hearing on:

HB 2091-Decreasing rate of sales and compensating use tax.

Chris Courtwright, Principal Economist, Kansas Legislative Research Department (KLRD), briefed the Committee on **HB 2091**. He explained the bill would, on July 1, 2011, reduce the rate of the State Sales and Compensating Use Tax from 6.3 percent to 5.3 percent and return the distribution formula for the State General Fund and the State Highway Fund to the pre-July 1, 2010 distribution law. He stood for questions.

Representative O'Hara, from the 27th District in southeast Johnson County, spoke in support of **HB 2091**. As a small business person, she stated the sales tax increase hit Johnson County hard, particularly those businesses situated near the state line between Kansas and Missouri. She believes an increase in sales tax is not what is needed in time of economic stress. She urged support of **HB 2091** and the repeal of the sales tax increase with a roll-back to 5.3 percent. She stood for questions.

J. Kent Eckles, Vice President of Government Affairs, The Kansas Chamber, presented a neutral position on **HB 2091**. The Kansas Chamber prefers the Committee consider not repealing the recently enacted sales tax increase, and a continuation of the use of those revenues to offset the elimination of the corporate income tax (Attachment 1). He stood for questions.

Mark Desetti, Kansas National Education Association, (KNEA), also representing the Kansas Association of School Boards, United School Administrators/Kansas, Schools for Fair Funding, Schools for Quality Education, Kansas Families for Education, Kansas City USD 500, Topeka USD 501, Wichita USD 259, and Olathe USD 233, spoke in opposition to the passage of **HB 2091**, (Attachment 2). He stood for questions.

Bernie Koch, Kansas Economic Progress Council, testified in opposition to **HB 2091**. He referenced a study prepared by Dr. John D. Wong, Interim Director of the Center for Urban Studies and the Kansas Public Finance Center at Wichita State University and financed by the Kansas Economic Progress Council. Mr. Koch's testimony offered three reasons why a sales tax increase has a lesser negative impact (Attachment 3), as determined by the study. He stood for questions.

Chairman Carlson directed the Committee to the written only testimony in support of **HB 2091** from Derrick Sontag, Americans for Prosperity (Attachment 4).

Written only testimony in opposition to **HB 2091** was presented by: Doug Kinsinger-Greater Topeka Chamber of Commerce, Cindy Cash-Kansas City Kansas Chamber of Commerce, Deb Settle-Northeast Johnson County Chamber of Commerce, Tracey Osborne-Overland Park Chamber of Commerce, Dennis Lauer-Salina Area Chamber of Commerce, and Tom Weigand-Ottawa Area Chamber of Commerce (Attachment 5). Ron Gaches, Executive Director, Kansas Society of Professional Engineers (Attachment 6). Jewel Scott, Executive Director, Civic Council of Greater Kansas City (Attachment 7). John Peterson, Economic Lifelines (Attachment 8), and Scott Heidner, Executive Director, American Council of Engineering Companies of Kansas (Attachment 9).

Chairman Carlson closed the hearing on **HB 2091**.

The meeting adjourned at 4:25 p.m.

The next meeting will be held at 3:30 p.m., February 3, 2011, in Room 783 of the Docking State Office.