

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard at 3:35 p.m. on March 7, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Denning-excused
Representative Kelley-excused

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
Michael Wales, Kansas Legislative Research Department
Marla Morris, Committee Assistant
Allen Jeffus, Office Assistant

Conferees appearing before the Committee:

Senator Jeff King
Representative Sharon Schwartz
Kent Craft, Past President, Kansas BASS Chapter Federation Nation
Randall Allen, Kansas Association of Counties
Gayla Shields, Miami County Treasurer
Linda Coon, Wabaunsee County Treasurer, representing the Kansas County Treasurer Association
Jamie Shew, Douglas County Clerk, for the Kansas County Clerk Associations

Conferees providing written testimony only:

Joe Grisolano, Crawford County Treasurer and President, Kansas County Treasurer Association

Others attending:

See attached list.

Bill Introductions:

Representative Carlson moved to introduce a bill to be known as the March to Economic Growth Act or the MEGA bill, wherein increased revenues in the future will buy down the income tax rate in the state of Kansas. The motion was seconded by Representative Kleeb. The motion carried unanimously.

Chairman Carlson opened the hearing on:

HCR 5017-Constitutional amendment authorizing the legislature to provide classification and taxation of watercraft

Chairman Carlson directed the Committee to their daily packet containing the Fiscal Note for **HCR 5017**, prepared by Richard Cram, Kansas Department of Revenue (Attachment 1)

Chris Courtwright, Kansas Legislative Research Department, briefed the Committee on **HCR 5017**. **HCR 5017** is a proposed constitutional amendment which would go on the November 2012, general election ballot submitted to the people of Kansas. If passed, it would amend the property tax classification amendment to the Kansas Constitution, authorizing legislature to establish a separate system for watercraft. Mr. Courtwright circulated a 2008 document prepared by the Kansas Legislative Research Department containing recommendations from the Special Committee on Assessment and Taxation, providing a history on proposed constitutional amendments concerning watercraft taxation (Attachment 2). He stood for questions.

Senator Jeff King spoke in support of **HCR 5017**, testifying to the need for reformation of the property tax system on boats. He stated many boat owners are registering their watercrafts in neighboring states, generating a substantial revenue loss to the State of Kansas. He urged support of **HCR 5017**, and responded to questions from the Committee.

Representative Sharon Schwartz, spoke in support of **HCR 5017**. Kansas is losing revenue, possibly as much as \$3 million, as owners chose to store their boats in surrounding states where the tax policy is more equitable (Attachment 3). She urged support of **HCR 5017**, and suggested that action be taken this year to make a difference in the method of taxing watercraft in the State of Kansas. She stood for questions.

CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:31 p.m. on March 7, 2011, in Room 783 of the Docking State Office Building.

Kent Craft, Past President, Kansas BASS Chapter Federation Nation, testified in support of **HCR 5017**. He presented examples of the much lower watercraft personal property taxes imposed by the neighboring states of Nebraska, Colorado, Oklahoma and Missouri (Attachment 4). He believes passage of **HCR 5017** is a step in the right direction. Mr. Craft suggested an explanatory statement of the amendment would be helpful if presented on a ballot.

Neutral testimony on **HCR 5017**, from Randall Allen, Kansas Association of Counties, was provided in written-only form (Attachment 5).

Chairman Carlson closed the hearing on **HCR 5017**.

Chairman Carlson opened the hearing on:

SB 108 – Recording of plats, payment of estimated taxes

He directed the Committee to the Fiscal Note for **HCR 5017**, prepared by Richard Cram, Kansas Department of Revenue (Attachment 6).

Scott Wells, Office of the Revisor of Statutes, presented a briefing on **SB 108**. **SB 108**, as amended, would provide a statutory formula for calculating and collecting existing property taxes and assessments on certain land legally described in plats filed with county registers of deeds. Property taxes and assessments levied against an original “parent” parcel will be collected prior to the recording of the plat by a register of deeds. When the amount of property tax levied by a taxing subdivision has not yet been certified, an estimated tax formula utilizing the most recent year's mill levy plus 10 percent would be established for purposes of the collection prerequisite relative to having plats recorded. After the tax roll has been certified, refunds of any excess collections under the estimated tax formula subsequently would be funded, or additional liability would be assessed in the case. He stood for questions.

Gayla Shields, Miami County Treasurer, testified in support of **SB 108**. She identified the procedures that must be followed by counties, and stated that **SB 108** provides a statutory basis for the County Treasurer in each county to collect all taxes and assessments levied against the “parent” parcel (parcel as a whole), up to and including the tax year prior to the first tax year affected by the plat recording, before such plat can be recorded by the Register of Deeds (Attachment 7).

Linda Coon, Wabaunsee County Treasurer, representing the Kansas County Treasurer Association, testified in support of **SB 108**. She described the complicated and time-consuming processes involved in the process of dividing the delinquent taxes of the “parent” parcels into all parcels created by the plats. She described the benefits of passage of the bill (Attachment 8). Ms. Shields and Ms. Coon stood for questions.

Jamie Shew, Douglas County Clerk, testified in opposition to **SB 108** on behalf of the Kansas County Clerk Association. He understands the intent behind **SB 108**, but opposes the bill because the estimating of taxes and the ability to communicate an accurate amount to the taxpayer places the county in a position of uncertainty to the taxpayer (Attachment 9).

Written-only testimony in support of **SB 108** was submitted by Joe Grisolano, Crawford County Treasurer (Attachment 10).

Chairman Carlson closed the hearing on **SB 108**.

The next meeting is scheduled for 3:30 p.m., March 8, 2011, in Room 783 of the Docking State Office Building for the purpose of hearing:

HB 2348-Requiring social security numbers on Kansas income tax returns
HB 2349-Requiring social security numbers in support of dependent care expenses
HB 2355-Requiring social security numbers in support of claims for food sales tax refunds
SB 193-Requiring social security numbers in support of claims for food sales tax refunds

The meeting was adjourned at 4:45 p.m.