

Approved: March 5, 2012
(Date)

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:36 pm on Monday, February 6, 2012, in Room 783 of Docking State Office Building.

All members were present.

Committee staff present:

Scott Wells, Office of the Revisor of Statutes
Chuck Reimer, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Chris Sevedge, Kansas Legislative Research Department
Allen Jeffus, Office Assistant
Phyllis Fast, Committee Assistant

Conferees appearing before the Committee:

Representative Bob Brookens, from the 70th District
Will Johnson, Butler County Administrator
Dan Holub, Marion County Commission Chairman
Ron Gaches, TransCanada
Ron Hein, National Cooperative Refinery Association
Representative Ann Mah, from the 53rd District
Grace Lancaster, University of Kansas Student

Others attending: See attached list.

Introduction of Bills:

Representative O'Hara from the 27th District, requested a bill concerning schools, authorizing a tax credit to be used for educational opportunities. Chairman Carlson seconded the motion. Motion carried.

Representative Dillmore made a motion to duplicate SB376 - Comprehensive plan for reduction of sales tax rate and income tax rates, elimination of certain sales tax exemptions, imposition of sales tax on certain services and provision of sales tax exemption for certain purchases of food. Frownfelter seconded the motion. Motion carried.

Chairman Carlson opened a hearing on:

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

Minutes of the HOUSE TAXATION Committee at 3:36 PM on Monday, February 6, 2012 in 783-DSOB.

HB 2350 - Imposing a payment in lieu of tax on certain pipeline property exempt from property taxation.

Scott Wells briefed the Committee on **HB 2350**, explaining that the bill pertains to properties in Kansas that have pipelines located on them for the purpose of transporting crude oil. He stood for questions.

Representative Bob Brookens testified in support of **HB 2350**, to alleviate a situation where pipelines are constructed to gain a tax exemption and could possibly be able to continue construction of additional (spur) lines within the same tax exemption. Representative offered to later distribute a PVD report regarding the cost of the pipeline, and to work with the Revisors concerning a report on whether or not there is knowledge of other state or federal legislation which require a payment in lieu of taxes. (Attachment 1) He stood for questions.

Will Johnson testified in support of **HB 2350**, agreeing with Representative Brookens' proposal to remove the language he discussed. He indicated Butler County has extensive costs concerning maintenance of the roads during construction of the pipelines to the county's refineries. (Attachment 2) He stood for questions.

Dan Holub testified in support of **HB 2350**, saying Marion County was never provided information that the pipeline would be constructed in Marion County. Some money, but not enough, was given to the county for damages by one of the companies who constructed a pipeline in Marion County. (Attachment 3) He stood for questions.

Written only testimony in support of **HB 2350** was presented by Melissa Wangemann, Kansas Association of Counties. (Attachment 4)

No neutral testimony for **HB 2350** was presented.

Ron Gaches testified in opposition to **HB 2350** providing the history of the original legislation offering a ten-year "tax exemption" for pipelines constructed in Kansas which exceed 190 miles in length. (Attachment 5) He stood for questions.

Ron Hein testified in opposition to **HB 2350**, by providing historical context of oil refineries in Kansas, and stating that the cost will ultimately be passed onto the consumers. (Attachment 6) He stood for questions.

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CONTINUATION SHEET

Minutes of the HOUSE TAXATION Committee at 3:36 PM on Monday, February 6, 2012 in 783-DSOB.

After all questions from the Committee were answered, Chairman Carlson closed the hearing on **HB 2350**.

Chairman Carlson opened a hearing on:

HB 2433 - Income tax credit for certain tuition and related expenses paid to an educational institution located in Kansas.

Scott Wells briefed the Committee on **HB 2433** by indicating the proposed tax credit, similar to a federal tax credit, is non-refundable. He stood for questions.

Representative Ann Mah testified in support of **HB 2433** by emphasizing the need to help families pay for the rising costs of in-state tuition. These state tax credits also piggy back onto the federal tax credits. (Attachment 7) She stood for questions.

Grace Lancaster testified in support of **HB 2433** by providing the students' perspective of such need. (Attachment 8) She stood for questions.

Written only testimony in support of **HB 2433** was provided by Linda Fund, Kansas Association of Community College Trustees (Attachment 9); Andy Sanchez, Kansas AFL-CIO (Attachment 10); Andy Tompkins, Kansas Board of Regents (Attachment 11); and Robert Edleston, Kansas Association of Technical Colleges (Attachment 12).

No neutral testimony for or testimony in opposition to **HB 2433** was presented.

After all questions from the Committee were answered, Chairman Carlson closed the hearing on **HB 2433**.

The next meeting of the Committee is scheduled for 3:30 pm Tuesday, February 7, 2012, in 783-DSOB.

The meeting was adjourned at 4:50 pm.

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