

MINUTES OF THE SENATE ASSESSMENT & TAXATION COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 10:30 a.m. on February 9, 2011, in Room 152-S of the Capitol.

All members were present except:

Chairman Les Donovan – 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
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Whitney Damron on behalf of the City of Topeka
Topeka Mayor, Bill Bunton,
Mike Taylor, Public Relations Director, Unified Government, Wyandotte County, Kansas City KS
Larry Baer, Assistant General Council for League of Kansas Municipalities
Ed Bryan, Manager of the High Performance Incentive Program (HPIP), for the Department of
Commerce
Richard Cram, Department of Revenue

Others attending:

See attached list.

Vice Chairman Pat Apple opened the meeting with the hearing on **SB 59 Interest rate charged; delinquent or unpaid tax and overpayment of taxes.** He recognized Scott Wells, Office of the Revisor of Statutes for an explanation of the bill. Vice-Chairman Apple recognized requested this bill. The interest rates were intended to create an incentive for taxpayers to pay their taxes. However, with the tightening of regular credit markets, commercial property owners and developers are choosing to overlook payment of local taxes in order to pay on loans with higher percentage rates. In 2008 more than ten percent of specials owed to Shawnee County were not paid, and nearly 19 percent of specials owed to the City of Topeka were not paid. The City of Topeka believes a rate of not less than 10 percent would provide a relatively constant rate and provide an incentive for taxpayers to find other financing than non-payment of property taxes. (Attachment 1) Mayor Bunton was not able to appear to speak to the committee. He did provide copies of information he wanted to share with the committee. (Attachment 2) Mike Taylor, Public Relations Director, Unified Government, Wyandotte County, Kansas City KS sent written testimony explaining most of their delinquent taxes are owed by businesses, who use those funds as a “cash-flow tool” because not paying a utility bill or a supplier's bill can end use of their services. (Attachment 3) Larry Baer, Assistant General Council for League of Kansas Municipalities, also spoke of the League's support of this bill, using the same reasons as previous proponents of this bill. (Attachment 4) Vice Chairman Apple closed the hearing on this bill.

Vice Chairman Apple introduced Ed Bryan, Manager of the High Performance Incentive Program (HPIP), for the Department of Commerce. This program is geared toward and effectively attracts those projects heavy in capital investment such as those intending to build or lease large new plants and facilities. HPIP can offer three main tax incentives: investment tax credit, employee training tax credit. To qualify for HPIP the company must be “for profit”, subject to state taxes, pay above average wages, and make a significant investment in employee training. Mr. Bryan went on to explain how a company can qualify for this incentive. The HPIP program was created in 1992 and has evolved over the years into one of Kansas' most potent and effective economic development tool. (Attachment 5)

Richard Cram gave the committee a briefing on Unitary Business Concept, Expensing and Depredciation. Mr. Cram had given them a written description of what constitutes an unitary business; how their combined incomes are reported; how to claim the HPIP credit; and expensing and depreciation; as well as the Kansas HPIP application. (Attachments 6 and 7)

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 9, 2011, in Room 152-S of the Capitol.

Members were given copies of the report concerning the M&E slider reimbursement to the Senate Committee on Assessment & Taxation as required by K.S.A. 2010 Supp. 79-2978 and 79-2979. (Attachment 8)

The next meeting is scheduled for February 10, 2011.

The meeting was adjourned at 11:37 a.m.