

Approved: March 5, 2012

(Date)

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:35 pm on Wednesday, February 1, 2012 in Room 783 of the Docking State Office Building.

Members excused were: Representative Gatewood.

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:

Richard Cram, Policy and Research Director, Kansas Department of Revenue (KDOR)
Pat George, Kansas Department of Commerce
Kent Eckles, Kansas Chamber of Commerce
Lynn Preheim, Wichita Attorney
Randy Stookey, Ks Coop. Council, Ks Grain/Feed Assn/Ks Agribusiness Retailers Assn
Kevan Vick, Coffeyville Resources Nitrogen Fertilizers
Randall Allen, Kansas Association of Counties
Alfred Oller, Ellsworth County Commission Chairman
Steve Woolf, U.S. School District 112
Carl Miller, Ellsworth County Appraiser

Others attending: See attached list.

Introduction of Bills:

Representative Melanie O'Hara from the District made a motion to introduce a bill to reduce sales tax rate to 5.3% commencing July 1, 2012. Chairman Carlson seconded the motion. The motion carried.

Chairman Carlson opened a hearing on:

HB 2501 - Property taxation; defining real and personal property.

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 3:35 PM on Wednesday, February 1, 2012 in 783-DSOB.

Scott Wells briefed the committee on **HB 2501** indicating “trade fixtures” would be excluded from the definition of real property. A technical amendment is included to remove some outdated language. He stood for questions.

Secretary Pat George testified in support of **HB 2501** which clarifies doubt created by the Board of Tax Appeals’ recent decision regarding “trade fixtures” as part of “real property”. (Attachment 1) He stood for questions.

Kent Eckles testified in support of **HB 2501** by describing the dilemma presented by some counties who call business machinery and equipment real property and tax it as such. He indicated he would turn his testimony over to a gentleman who is currently handling a court case regarding said dilemma and has written a “friendly amendment” which he feels better represents the intent of **HB 2501**. (Attachment 2) He stood for questions.

Lynn Preheim testified in support of **HB 2501**. No written testimony was provided. He stood for questions.

Randy Stookey testified in support of **HB 2501**, because the CODA decision is detrimental when maintaining and attracting new businesses to Kansas. (Attachment 3) He stood for questions.

Kevan Vick testified in support of **HB 2501**, pointing out that states surrounding Kansas do not allow business machinery and equipment for companies such as his company to be taxed as real property. (Attachment 4) He stood for questions.

Randy Pryor testified in support of **HB 2501**, indicated his company would probably be required to pay tax on his businesses’ machinery and equipment, if **HB 2501** is not passed. It could result in his company, which employees 137 individuals, relocating to another state. (Attachment 5) He stood for questions.

Written only testimony in support of **HB 2501** was presented by Brad Harrelson, Kansas Farm Bureau (Attachment 6); Robert Vancrum, KC Chamber of Commerce (Attachment 7); Jennifer Bruning, Overland Park Chamber of Commerce (Attachment 8); Kent Stos, National Cooperative Refinery Association (Attachment 9); Christy Caldwell, Greater Topeka Chamber of Commerce (Attachment 10); Daniel Murray, National Federation of Independent Business (Attachment 11); Ross Hendrickson, Chanute Chamber of Commerce (Attachment 12); Fred Nicely, Council of State Taxation (COST) (Attachment 13); and Bob Jacobi, Labor Management Council, (Attachment 14).

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No neutral testimony for **HB 2501** was presented.

Randy Allen testified in opposition to **HB 2501**, responding to the bill as written, and has not been able to read the proposed amendment. He requested the Committee to ensure that the reverse would not happen and that real property could not be exempted under a new “loophole”. (Attachment 15) He stood for questions.

Alfred Oller testified in opposition to **HB 2501**, saying that Ellsworth County would suffer monetary losses and cause the mill levy in Ellsworth would increase. (Attachment 16) He stood for questions.

Steve Woolf testified in opposition to **HB 2501**, saying that Ellsworth County was able to lower their taxes due to the current law. (Attachment 17) He stood for questions.

Carl Miller testified in opposition to **HB 2501**. No written testimony was provided. He stood for questions.

Written only testimony in opposition to **HB 2501** was presented by Doug Robinson, Lenexa Finance Manager (Attachment 18).

After all questions from the Committee were answered, Chairman Carlson closed the hearing on **HB 2501**.

Minority Ranking Member Dillmore made a motion to introduce a duplicate bill of SB350 - Graduated increases in base state aid per pupil. Representative Frownfelter seconded the motion. The motion carried.

The next meeting of the Committee is scheduled for 3:30 pm, Thursday, February 2, 2012, in 783-DSOB.

The meeting was adjourned at 4:55 pm.

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