

Approved: March 7, 2012  
Date

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:30 a.m. on February 14, 2012, in room 152-S of the Capitol.

All members were present.

### Committee staff present:

Chris Courtwright, Kansas Legislative Research Department  
Christopher Sevedge, Kansas Legislative Research Department  
Gordon Self, Office of the Revisor of Statutes  
Scott Wells, Office of the Revisor of Statutes  
Mary Jane Brueck, Committee Secretary

### Conferees appearing before the committee:

Secretary of Revenue Nick Jordan  
Kent Eckles, Kansas Chamber of commerce  
Dan Murray, NFIB  
Lee Butler, Wichita resident  
Ron Seeber, Kansas Grain and Feed Association and Kansas Agribusiness Retailers Association  
Doug Wareham, Sr. Vice President, Government Relations, Kansas Bankers Association  
Sunny Smith, Wichita business owner  
Jason Watkins, Director, Government Relations, Wichita Chamber of Commerce  
William T. Terrell, PhD, retired from Wichita State University  
Dale Goter, Government Relations Manager, City of Wichita  
Emily Hurst, Interfaith Housing Services  
Gary C. Allerheiligen, KS Society of Certified Public Accountants

Sen. Les Donovan opened the meeting and told the committee we would be hearing testimony regarding **SB 339 – Concerning taxation; relating to income tax, rate for individuals, credits, deductions and income determination; sales tax rate and distribution of revenue; severance tax, exemptions; homestead property tax refunds; food sales tax refund.** The Department of Revenue was represented by both the Secretary of Revenue and Richard Cram, Director of Policy and Research, Department of Revenue who gave testimony in favor of this bill. (Attachment 1) Chairman Donovan then recognized Kent Eckles, Kansas Chamber of Commerce. He told the committee he would be present to answers of the committee if needed. His testimony told of a poll that is taken annually of 300 Chamber and non-member businesses in Kansas asking what was most important to business profitability, and the response was to lower taxes on businesses. (Attachment 2) Dan Murray explained that small businesses make up the majority of Kansas businesses. Their membership “wholeheartedly supports tax reform proposals, including Governor Brownback’s plan, which focus on reducing and eliminating state income taxes.” (Attachment 3) Lee Butler, resident of Andover, KS, expressed his concerns for the income tax situation

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in Kansas. He is supportive of Gov. Brownback's proposal to eliminate state income tax on IRS Form 1040, line 17 income which effects S corps, royalty, small business and trusts. ([Attachment 4](#))

Ron Seeber, Kansas Grain and Feed Association and Kansas Agribusiness Retailers Association told the committee the organizations he represents support the provisions in this bill, and stated “this bill will help simplify the structure and encourage financial investment in the state.” ([Attachment 5](#)) Doug Wareham, Sr. Vice President, Government Relations, Kansas Bankers Association was recognized to speak. Members of the association have the position that if the state legislature intends to adopt a long-term policy of reducing business income taxes by utilizing excess state revenues in future years, that the privilege tax paid by Kansas banks should be included in that formula for economic growth. ([Attachment 6](#)) Sen. Donovan recognized Sunny Smith, a Wichita business owner, who stated elimination of state income tax for businesses and Kansas will grow stronger and stronger year after year, and remain in Kansas. ([Attachment 7](#)) Jason Watkins, Director, Government Relations, Wichita Chamber of Commerce told the committee the Chamber members are supportive of **SB 399** believing it moves the state of Kansas toward a more competitive and productive business environment through a more reliable and efficient tax structure. ([Attachment 8](#))

Chairman Donovan introduced William T. Terrell, Ph.D, retired from Wichita State University. He is not able to return to this hearing tomorrow, so was allowed to speak in opposition to this bill at this time. He pointed out that the states that have eliminated individual income tax have other sources of taxes, such as tourism, gambling and higher property taxes. ([Attachment 9](#))

Dale Goter, Government Relations Manager, City of Wichita spoke as a neutral representative for this bill. He spoke about the need for continuation of the Kansas Historic Tax Credit, explaining the benefits this credit has been to Wichita. ([Attachment 10](#)) Marlee Carpenter spoke in place of Gary C. Allerheilgen, on behalf of the Kansas Society of Certified Public Accountants also as a neutral representative. They are neutral because they represent the full constituency and within that constituency there are winners and losers with the bill as proposed. ([Attachment 11](#)) Emily Hurst, Interfaith Housing Services, spoke as a Neutral and told the committee this bill would eliminate charitable contributions thus lowering the income to their services. ([Attachment 12](#))

Sen. Donovan told those present that he would carry over the testimony for **SB 339** at tomorrow's meeting. He will plan to hear **SB 317 – Concerning property taxation; defining real and personal property** during the first half hour of the meeting and hear **SB 339 – Concerning taxation; relating to income tax, rate for individuals, credits, deductions and income determination; sales tax rate and distribution of revenue; severance tax, exemptions; homestead property tax refunds; food sales tax refund** after that.

The next meeting is scheduled for February 15, 2012.

The meeting was adjourned at 11:19 a.m.