

Approved: March 8, 2012
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:38 a.m. on February 22, 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:

Others attending:

See attached list.

Sen. Les Donovan opened the meeting and told the committee he would like to reopen the discussion on **SB 317 – Concerning property taxation; defining real and personal property**. He explained he wanted to carry on the discussion of this bill and wanted to know if there was any new information to be addressed by the committee. He recognized Ron Gaches who was representing CVR Energy in Montgomery County. He explained there was a meeting of stake holders in his office last Thursday afternoon. They proposed an amendment to this bill and distributed that language to those who attended the meeting. As of now, he has not heard back from anyone who opposes this change of language.

Sen Donovan told the committee and those attending this meeting, that he intends to have this bill “blessed” in order to continue hearings on this bill later in this session and perhaps beyond that. He asked if anyone else wanted to speak, and recognized Brad Smoot, who represents Montgomery County. He said Gaches' language is similar to the substitute bill he is working on. There are quite a few people he represents who need to be involved in seeing this amendment, and he will get back with Mr. Gaches with a response to the language and a possible counter proposal.

Sen. Donovan urged both sides of this issue to keep trying to work together to find a solution. He said this is an important issue, and sooner or later something will be done.

Randall Allen, Kansas Association of Counties told the committee he had requested information from County Treasurers and expects to have that by this coming Friday to help in these decisions. Sen. Donovan thanked him and closed the hearing on SB 317.

Sen. Donovan pointed out a mistake on the agenda, listing **SB 376 – concerning taxation; relating to income tax, rates; sales taxation, exemptions, rates and distribution of revenue and imposition of**

tax on certain services; eliminating food sales tax refund; local compensating use tax; duties of secretary of revenue; local property tax reductions to have a hearing today. That was incorrect.

Now take up **SB 371 – Concerning sales taxation; relating to nexus**, heard yesterday. Sen. King brought up the need to have Section 1-B in this bill. Sen. Donovan asked Kent Eckles, Kansas Chamber of Commerce, to address this question. Mr. Eckles said this is designed to keep special “deals” eliminating tax for a period of time from taking place. He told the committee if they would like that to be eliminated, it is alright with the sponsors of this bill. He is not aware of any such “deal” being in effect at this time. Sen. King said at the appropriate time, he will make a motion to remove that part of the bill.

Sen. Holland questioned language in New Section 1 (a) of the bill. Richard Cram, explained this wording codifies present law. Sen. Love questioned Sen King, asking what his concern was by having Section 1. Sen King explained he thinks it is unconstitutional.

Sen. King proposed his amendment to strike the entire Section 1-B of this bill, lines 5 through 26 on page 1 of the bill. Sen. Bruce seconded the motion. The motion carried. Sen. Apple moved this bill be moved out of committee favorably. Sen. Lynn seconded the motion. The motion carried.

SB 430 – concerning taxation; relating to income tax rates, adjustment, procedure and requirements; credits, sales taxation, nexus presumptions; severance tax exemptions was on the agenda for the day, but is an exempt bill and will be heard by the committee in March.

Sen. Donovan ask the committee what they wanted to do with **SB 421 – concerning personal property taxation relating to motor vehicles; computation of amount of tax**. He refreshed the committee's knowledge of this bill. This bill will change the assessment rate from 20 over a four-year period, and drop another 2% per year until down to 12%. And at the same time, this would phase back in 20 mills for school tax purposes. Based on the department's assumptions this would raise about \$54 million for schools. That money goes straight to local school districts general funds. Also, there would be a lower assessment rate to where almost everybody would get a lower tax bill for their vehicles. It would change the depreciation schedule to depreciation for 5 years at 15%; next 5 years at 12%; and after that 10%. The bill would also establish a new minimum of \$36.00 – opposed to the present \$24.00. There were two technical amendments needed. *The first amendment was moved by Sen. Hensley and seconded by Sen. King; motion carried. The second one was moved by Sen. King and seconded by Sen. Bruce, and that motion carried as well.* There also was an amendment regarding the depreciation schedule from 5 years at 15% and five years at 12% to be changed to three years at 15%, three years at 12% and 10% after that. *The amendment was moved by Sen. Apple; Sen. King seconded the motion. The amendment carried.* On the bill, *Sen. Apple moved the bill out of committee, favorably as amended. Sen. Marshall seconded the motion. Motion carried.*

The next meeting will be on the call of Sen. Donovan.

The meeting was adjourned at 11:42 a.m.