

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 23, 2007 in Room 519-S of the Capitol.

All members were present except: Representative Nile Dillmore

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Ian Staples, KU Student Senate

Others attending: See attached list.

The Chairman asked for bill introductions.

Ian Staples, KU Student Senate, requested a bill be introduced that would amend the Kansas Retailers' Sales Tax Act, eliminating taxes of college textbooks. Representative Owens moved the introduction, seconded by Carlson. The motion carried.

The Chairman called for a continuation of staff briefings on the interim study reports.

### 2006 Interim Topics

#### Motor Fuel Taxation along the Kansas Border

Martha Dorsey, Legislative Research Department, distributed an outline on the final report on Motor Fuel Taxation (Attachment 1). She referred to page 2-12 in the 2006 Interim studies booklet, that had previously been distributed. She reviewed the background on motor fuel tax rates between Kansas and neighboring states and explained legislative efforts with the introduction of **HB 2822** in 2006. That bill would have allowed an alternative motor fuel tax rate at retailers in border communities meeting certain requirements. She briefly reviewed Committee activities and concluded with the Committee recommendation that a study be conducted, such as was originally requested of Kansas, Inc. in September 2006. At that time the Committee Chairperson requested a broad-based examination of fiscal impacts of border zone taxes in general. Discussion followed regarding the rationale and disparity between diesel and gasoline taxes. Staff agreed to provide a multi-state table reflecting those tax rates.

#### Residential Property Tax Valuation Cap

Chris Courtwright, Legislative Research Department, provided background on **HCR 5027**, a constitutional amendment proposed during the 2006 session, which subsequently led to the LCC charge for further study (Attachment 2). He briefed the Committee on Property Tax Constitutional Amendments since 2000 as well as other approaches to Property Tax relief, including the details on **HCR 5027**. Committee activities were given, and he explained the Committee's Conclusions and Recommendations: 1) The residential valuation cap would tend to shift property taxes away from real estate where values are increasing rapidly and on to other real estate where values are not increasing at the rate of the cap. This could be onerous for young families entering the home market ; 2) Noted that their conclusions were strikingly similar to those made by the 1999 Special Committee on Assessment and Taxation; and 3) The Committee declined to reintroduce a proposed valuation cap constitutional amendment for consideration in 2007. Discussion followed regarding various options that would provide personal property tax relief.

The meeting was adjourned at 10:30 a.m. The next meeting is January 24, 2007.