

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 12, 2007 in Room 519-S of the Capitol.

All members were present except:
Representative Paul Davis- E

Committee staff present:
Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
Secretary Wagon, Department of Revenue
Richard Cram, Department of Revenue
Kim Winn, KS League of Municipalities
Jonathan Mitchell, City of Ellsworth
Matt Shatto, Asst. City Administrator, City of Lenexa (written testimony only)

Others attending:
See attached list.

SB 34 - Additional projects that qualify pursuant to the transportation development district act

Martha Dorsey, Legislative Research Department, briefed the Committee on the bill. **SB 34** would clarify that a streetscape project would qualify as a Transportation Development District (TDD) project. The bill also would clarify that a building facade may be included in a TDD project when the facade is part of changes made to an existing building.

The Chairman opened the public hearing on **SB 34**.

Kim Winn, KS League of Municipalities, stated that **SB 34** is a non-controversial bill. The language is unclear whether a “streetscape” or “facade” project would be appropriate as a TDD project. The League believes that the City of Ellsworth proposed project is laudable and within the original intent of the legislation. **SB 34** simply clarifies the current law to allow the Ellsworth project to go forward (Attachment 1).

Jonathan Mitchell, City of Ellsworth, testified that **SB 34** would enable Ellsworth to address a problem many rural communities face. He provided background on a previous Ellsworth project that utilized a TDD in 2006 and said that by utilizing a financing mechanism like the TDD it is feasible for their downtown to improve its facades and create some uniformity in the district. He concluded by requesting the Committee’s assistance in allowing Ellsworth to be innovative and enduring (Attachment 2).

It was noted that written testimony was submitted and distributed from Matt Shatto, Asst. City Administrator, City of Lenexa, in support of **SB 34** (Attachment 3).

There being no other conferees, the Chairman closed the hearing on **SB 34**.

SB 115 - Revocation of retailer’s sales tax registration certificate in certain circumstances and prescribing certain unlawful acts related thereto

Chris Courtwright, Legislative Research Department, briefed the Committee on **SB 115**. The bill, as amended, would authorize the Secretary of Revenue to suspend or revoke the sales tax registration certificate of certain taxpayers found in default for a least 60 days in the remittance of the tax or failure to file returns. He described the due process, that would occur before suspensions or revocations would occur and noted that additional language clarifies that it would be unlawful for any person to engage in the business of selling tangible personal property or furnishing taxable services after such person’s certificate had been suspended or revoked.

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The Chairman opened the public hearing on **SB 115**.

Richard Cram, Department of Revenue, said the Department supports the bill as it came out of the Senate (Attachment 4). There are 16 other states that have similar provisions and **SB 115** contains that suggested language, modeled after a similar provision in Missouri law. This will provide an additional tool to enhance their collection efforts, when someone is at least 60 days delinquent in paying taxes or filing returns. Mr. Cram said there is nothing in current law that prohibits a retailer from lawfully engaging in the sales or purchase of inventory, even after their sales tax registration certificate is revoked. He agreed to provide data on the percentage of businesses that would be impacted by this legislation.

With no other conferees, the Chairman closed the hearing on **SB 115**.

The Chairman turned the Committee's attention back to **HB 2430 - Increase of maximum refund and determination of the amount of claim under the homestead property tax refund**.

Gordon Self, Office of Revisor of Statutes, explained the Substitute bill HB 2430 (Attachment 5). He explained the following changes:

New Section 1, page 1, provides a limitation on entitlement, so if someone owns their homestead that has an appraised valuation that exceeds 350,000 they are not entitled to claim a refund of property taxes under the homestead property tax refund act for any such year. He explained the normal appeal process that is available to taxpayers.

Section 2, (a), page 1, deletes social security benefits out of criteria used to determine income for qualification of a claim. Restates in concluding sentence of (a).

Section 2, (I), page 4, lowered the 20% assumption to 15% and changes the date 1979 to 2007.

Section 3, page 5, increased the maximum refund amount from \$600 to \$750.

Section 4, (b), page 5, changes the law requiring a copy of the statement of property tax levy to be included with the claim to the amount of property tax levied.

Section 4, ©, page 6, provision that relates to renters defining the rules behind possible denial of their claim.

Discussion followed regard the fiscal note and number of household affected by **Substitute HB 2430**. Mr. Courtwright said the last amendment that went on the bill would reduce the fiscal note by \$300,000. The program would be expanded by \$22 million, an increase from \$20.6 to \$42.6 million which includes all the amendments in the bill. This is due to the additional number of participants that qualify for the program. There are approximately 600 households that would be excluded, under the \$350,000 asset test, and an additional 300 households, due to the exclusion of the social security benefits, with a total of 900.

Representative Treaster made a motion that a 5 year sunset be placed on the full act. Representative Davis seconded the motion. The motion carried.

There was concern expressed over the importance of the act to work in conjunction with the advance management program as well. Committee permission was given to allow staff to coordinate the particulars of the bill. It was clarified that the 5 year sunset was on the entire act of **Substitute HB 2430**.

Two suggestions for a new name for the bill were offered: Homestead Property Tax Relief Act (HPTR) or Primary Residence Property Tax Relief Act (PRPTR). The Chairman said they would return to the bill for final action tomorrow.

Representatives Bowers introduced Madison Davis, Kylie Cool, Archie Huskey and Tyler Brenneman.

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Representative Hayzlett introduced his nieces, Erica Calkins and Kayle Bemis, from his district. They all served as pages in the House today.

The meeting was adjourned at 10:05 a.m. The next meeting is March 13, 2007.