

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:30 A.M. on March 15, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

Hearing was opened on **SB 314**, Kansas angel investor tax credit act.

Senator Jordan reviewed **SB 314**, which was a result of recommendations by the Kansas Economic Growth Act, to bring investment money into the State. Senator Jordan also distributed and reviewed the 2006 Angel Tax Credit Annual Report. (Attachment 1) The bill would raise the \$2 million tax credit limit to a \$4 million cap in FY2007, and to a \$6 million cap in FY2008. Animal health research companies would have first opportunity to apply for the additional dollars. KTEC must certify companies before they can apply for the funds. The hearing was closed.

Chairman Allen said she would like to divide the bills into three tax categories, sales, income and property, then put the bills in each category into one bill to be considered.

SB 172, income tax credit for fees paid to public schools for textbooks and workbooks, was discussed. Numerous members thought the fiscal note was incorrect for the bill.

Senator Apple moved to report **SB 314**, Kansas angel investor tax credit act, favorably for passage. Senator Donovan seconded the motion, and the motion carried. Senator Jordan will carry the bill.

Senator Apple was concerned that **HB 2440**, Kansas film production investor tax credit act, would allow a 50% tax credit which is refundable. This seems an excessive buy-in by the state.

After discussion no action was taken on **HB 2440**, **SB 172** and **SB 344**.

Senator Bruce moved to report **SB 327**, as amended, favorably for passage. Senator Donovan seconded the motion, and the motion carried.

HB 2240, sales tax exemptions for services for rebuilding of public utility facilities was discussed. Mark Schreiber, Westar, reviewed outside labor expenses to repair storm damage for the years 2002-2006. (Attachment 2) The majority of the expenses were due to ice storms. Kansas utility companies pay double sales tax. They pay sales tax on "labor" bills received from out-of-state companies, and Kansas utilities have already paid sales tax on the services out-of-state companies used, (i.e. hotel, food, etc.) Doug Shepherd, Kansas Electric Cooperatives, said cooperatives get about 75% damage refunded from FEMA. Chairman Allen requested information on who gets what from FEMA. Several Committee members concurred with Mr. Schreiber that double taxation is an issue, and suggested an interim study on the matter.

Discussion was held on **HB 2038**, nuclear power plants, application of siting act, property tax exemption.

Senator Schmidt moved to amend **HB 2038** to have utility companies make payment in lieu of taxes from the time they purchase land until the completion of construction, and give the Revisor discretion to draft appropriately. Senator Apple seconded the motion, and the motion carried.

Representative Holmes was available to answer questions concerning **HB 2405**, incentives for production

CONTINUATION SHEET

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of energy from renewable resources and use of waste energy from electric generation; sunset of certain tax credits, and **HB 2476**, incentives for purchase and installation of equipment for blending and storing biofuel. The bills will be discussed further next week.

Chairman Allen said Staff will review all the bills for the Committee at the next Committee meeting. Senator Apple requested **SB 291**, excise tax on certain sexually explicit businesses, be further considered by the Committee next week.

Being no further business, the meeting adjourned at 11:58 A.M. The next meeting will be March 19.