

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on March 16, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Conferees appearing before the Committee:

David Kerr, Secretary, Kansas Department of Commerce
Joan Wagon, Secretary, Kansas Department of Revenue
Representative Marvin Kleeb
Kris Shilt, Economic Development Coordinator for Grant Thornton
Gary Sherrer, Kansas Economic Development Association
Mike Michaelis, Executive Director, Ellis County Coalition for Economic Development
Tom Riederer, President, Southwest Johnson County Economic Development Corporation

Bill introductions:

Representative George made a motion to introduce a bill concerning a tax exemption on building materials for the Kansas Fairgrounds Foundation. Representative Wolf seconded the motion and the motion carried.

HB 2365 - Creating the promoting employment across Kansas act.

The Chairman opened the hearing on **HB 2365**.

Scott Wells, Office of the Revisor of Statutes, briefed the committee on **HB 2365**.

Representative Marvin Kleeb, testified in support of **HB 2365** (Attachment 1). Representative Kleeb explained the objectives, qualifications, incentives for qualified companies and the impact that this bill would have for the qualified companies. He stated that Kansas unemployment rates jumped from 4.3% in December 2008 to 6.4% in January 2009 and that unemployment rates will probably increase further. He stood for questions.

Kris Shilt, Economic Development Coordinator for Grant Thornton, testified in support of **HB 2365** (Attachment 2). Ms. Shilt walked the members through her presentation and stood for questions. The following recommendations were made for Kansas:

- ◆ Develop a program tied to payroll associated with new jobs (refundable or instant rebate)
- ◆ Establish a discretionary fund to be used for “additional needs of companies that can be utilized at the local level
- ◆ Explore expanding the applicability of current Kansas programs to be utilized by more companies or make the programs more user friendly
- ◆ Capitalize on what’s working!

Gary Sherrer, Kansas Economic Development Association, testified in support of **HB 2365** (Attachment 3). Mr. Sherrer stated that rural communities should not be excluded when looking for economic development. He stated he supported **HB 2365** for four reasons. They are:

- ◆ It will help Kansas be more competitive
- ◆ It will bring projects and jobs
- ◆ It is fiscally responsible
- ◆ It is not a perfect bill but it moves Kansas forward

Mike Michaelis, Executive Director, Ellis County Coalition for Economic Development, testified in support of **HB 2365** (Attachment 4). He stated that it is a step in the right direction to pass this bill to encourage growth in the state of Kansas and that without **HB 2365** Kansas will fall further behind in the competition

CONTINUATION SHEET

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for business and industry.

Tom Riederer, President, Southwest Johnson County Economic Development Corporation, testified in support of **HB 2365** ([Attachment 5](#)). He stated that **HB 2365** will be used as a tool to encourage competitiveness and job growth in Kansas.

Mickey Fornaro-Dean, spoke to the committee in support of **HB 2365**. She stated that solid tools are needed to compete with other bordering states i.e., Colorado, Oklahoma and that **HB 2365** is a tool that would benefit the state of Kansas (No written testimony).

The Chairman called attention to the written testimony in support of **HB 2365** of the following persons:

- Kent Eckles, Kansas Chamber of Commerce ([Attachment 6](#))
- Dave Holtwick, Overland Park Chamber of Commerce ([Attachment 7](#))
- Ashley Sherard, Lenexa Chamber of Commerce ([Attachment 8](#))

David Kerr, Kansas Secretary of Commerce, testified in neutral of **HB 2365** ([Attachment 9](#)). Secretary Kerr had 3 suggestions to make the bill more effective. They are:

- ▶ Shorten the business benefit time
- ▶ Shorten the business tax exempt status time
- ▶ Consider limiting participation, by recipients, in other programs that are funded with employee withholding taxes

He also stated there needed to be clarification on the following:

- ▶ How to verify qualifying Kansas companies are hiring new employees
- ▶ How does this bill impact the State General Fund (SGF)?
- ▶ How will the bill impact the individual employee?

Joan Wagon, Secretary, Department of Revenue, testified in opposition to **HB 2365** ([Attachment 10](#)). Secretary Wagon stated she agreed with Secretary Kerr that changes to the bill were needed. She attached a balloon (refer to written testimony) that would narrow the focus of the bill as intended and reduce the fiscal impact from the amount stated in the fiscal note.

The Chairman called attention to the written testimony of April Holmes, Kansas Action for Children, in opposition to **HB 2365** ([Attachment 11](#)).

Representative Goico introduced his son Richard, his daughter-in-law Denise and grandchildren Derrik and Macy Goico.

The Chairman closed the hearing on **HB 2365**.

The next meeting is scheduled for March 17, 2009.

The meeting was adjourned at 10:55 a.m.