

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 6, 2008 in Room 519-S of the Capitol.

All members were present except: Representative McCray-Miller - Excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Ryan Hoffman, Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Paul Welcome, Johnson County Appraiser's Office
Representative Tom Holland
Steve Warren, Vice Provost, Research at Kansas University
Secretary Joan Wagnon - KDOR

Others attending:

See attached list.

The Chairman announced the formation of the **HB 2640** Sub-Committee, which would include Representatives King (Chair), Lukert, Menghini, Schroeder and Worley. They will have their first meeting tomorrow, February 7th, at 2:25 p.m., in Room 519-S.

The Chairman advised that due to the inclement weather, many of the conferees were not able to travel to Topeka, therefore **HB 2543** - Assessment for property tax purposes of newly constructed residential property would be postponed until a later date. He said they would not work any bills until all conferees had the opportunity to present their testimony.

HB 2520 - Liability for taxes and other expenses related to conversion of lands into condominiums.

The Chairman opened the public hearing.

In lieu of staff, who also had difficulty in getting to the Capital, the Chairman invited Cynthia Dunham, Assistant County Counselor, Johnson County, to the podium to explain the bill. She said **HB 2520** will amend K.S.A. 58-3115a to prevent condominium owners from being unfairly taxed for developable land designated for future condominiums. Under the bill condominium developers, not the owner of already built units, will be liable for real estate taxes owed on "convertible land" that is awaiting development as future condominium units. Testimony from Paul A. Welcome, Johnson County Appraiser's office was distributed (Attachment 1).

The Chairman closed the public hearing on **HB 2520**.

HB 2750 - An act concerning property tax; exempting certain property leased to companies for research and development purposes.

Scott Wells, Office of the Revisor, explained the bill would provide a property tax exemption for all real and all tangible personal property owned by state educational institutions or by the Board of Regents on behalf of the state educational institutions or by the Board of Regents on behalf of the state educational institutions which is leased by a for-profit company and is used for research and development purposes. Under current law, state educational institution of the Board of Regents must be used for educational or scientific purposes. In addition, the lease must not exceed a five year term.

The Chairman opened the public hearing

Representative Tom Holland appeared in support of legislation concerning the property tax exemption status of state universities. He said the bill clarifies that very early-stage university spin-off companies, led

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by university researchers, will be able to lease lab space at universities without jeopardizing the universities' property tax status (Attachment 2).

Discussion followed regarding the rationale behind exclusion of any centers of higher education.

Dr. Steve Warren, Vice Provost for Research and Graduate Studies, University of Kansas, explained the bill extends the current university property tax exemption to include a company's R & D efforts performed in a university lab. To accomplish that goal, it authorizes a company to enter into a lease agreement to use the labs, and the term of the lease would be brief – no more than five years. He explained the definition of early-start (Attachment 3).

The Chairman suggested that perhaps universities should invite any Kansans to bring their ideas to a panel that would evaluate their merit and perhaps extend a helping hand for the R & D. Dr. Warren agreed that would be a good idea.

Secretary Wagon appeared in support of **HB 2750** and cited the following reasons:

- 1) Existing property is already tax exemption
- 2) She stated the bill is appropriately drafted
- 3) Kansas needs to enhance any developmental processes in R & D. This bill would protect university's exemption. (No written testimony)

Discussion followed about amending Community colleges and Technical schools into the bill.

The Chairman closed the hearing on **HB 2750**.

Representative Crum introduced Kaleb Feigl and Cody Walker from Rose Hill.

The meeting adjourned at 9:55 A.M. The next meeting is February 7, 2008.