

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on February 27, 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
Hank Avila, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Conferees appearing before the committee:

Representative Jerry Williams
J.D. Lester, City Manager, Chanute, Kansas
Phil Perry, Home Builders Association of Greater Kansas City
Randy Braddock, Hamilton County Commissioner; Kansas Legislative Policy Group
Vaughn Flora, Kansas Rural Center
Zeina El-Azzi, Clipper Wind Power
Kimberly Gencur-Svaty, Trade Wind Energy
Mark Lawlor, Horizon Wind Energy; Co-Chair of Southwest Power Pool Commission
for Wind Coalition

Others attending:

See attached list.

HB 2074 - Interest and penalties and redemption procedures related to certain real property upon which real property taxes are delinquent.

The Chairman opened the hearing on **HB 2074**.

Staff Chris Courtwright briefed the committee on **HB 2074** and stood for questions.

Representative Jerry Williams testified in support of **HB 2074** (Attachment 1). He stated that HB 2074 is targeted at individuals habitually delinquent in their property taxes and make a business out of owning run-down homes and then renting them to low income individuals.

The purpose of the legislation is to crack down on taxpayer's who own multiple parcels, are delinquent in their property taxes and frequently exercise their statutory "redemption" rights at county tax sales. Representative Williams believes that the owners of such properties have figured out how to circumvent the system by exercising their redemption rights at the last moment. This causes additional administrative costs for the county and state and causes concerns of property taxpayers that make their payments in a timely fashion.

He referred the members to a letter submitted by Hugo Spieker, Donnie Yarnell, and Nicholas Galemore, Neosho County Commissioners (Attachment 2). He stood for questions.

J.D. Lester, City Manager from Chanute, Kansas, testified in support of **HB 2074** (Attachment 3). He stated that surveys were conducted in 2004, 2005 and 2007 to document interest in several areas regarding rental properties in Chanute. The areas of interest were construction standards, rental-housing regulations, concerns and suggestions the citizens had for their neighborhoods. The survey results showed there is broad support for the Chanute Governing Body to tackle the blight of rental property in their neighborhoods. Mr. Lester stated that this legislation would help to deter problems with rental-housing issues. He stood for questions.

Phil Perry, Home Builders Association of Greater Kansas City, testified in opposition to **HB 2074** (Attachment 4). Mr. Perry stated that he represents over 850 members in the Greater Kansas City area. Currently, property taxes are paid on lots when sold and on new homes when the property is closed. He stated that passage of this bill will place an additional burden on small business people who struggle to stay

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afloat. Fifteen percent interest would be added to the property tax bill and would also include a 50% penalty that must be paid before the close of the sale. He stood for questions. Discussion ensued.

The Chairman closed the hearing on **HB 2074**.

HB 2196 - Ending the property tax exemption for renewable energy resources and technologies with the 2009 taxable year.

The Chairman opened the hearing on **HB 2196**.

Scott Wells briefed the committee on **HB 2196**.

Randy Braddock, Hamilton County Commissioner; Kansas Legislative Policy Group testified in support of **HB 2196** (Attachment 5). Mr. Braddock stated that passage of **HB 2196** would repeal the current lifetime exemption for property used to generate electricity utilizing renewable energy resources or technologies, which prevents local governments from recouping costs for the additional burden the wind projects place on local services. He urged the committee to favorably consider **HB 2196** and he stood for questions.

Vaughn Flora, Kansas Rural Center, testified in a neutral position on **HB 2196** (Attachment 6). He referred to chart illustrations that show how a Production tax would be applied in Kansas. He also suggested a possibility of a Payment in Lieu of Taxes might be applied. He stood for questions.

Ms. Zeina El-Azzi, Clipper Wind Power, testified in opposition to **HB 2196** (Attachment 7). She stated that Clipper Wind Power believes it is important to share in the value creation that comes from wind energy projects. In Kansas, they plan on implementing payments in lieu of taxes to the counties in which wind energy developments come to fruition. Ms. El-Azzi stated that applying property taxes to wind energy projects would add cost to the project which would be passed on to the consumer.

She also stated that repealing the tax exemption would place Kansas at a disadvantage as it would deter investors and project development in the state. Ms. El-Azzi also stated that this bill had no grandfather clause for any existing projects. She stood for questions.

Mark Lawlor, Project Manager, Horizon Wind Energy, testified in opposition to **HB 2196** (Attachment 8). Mr. Lawlor stated that Ms. El-Azzi had also stated clearly the views of The Wind Coalition. In light of time constraints he deferred questions to Zeina El-Azzi, Clipper Wind Power and Kimberly Gencur-Svaty, Trade Wind Energy.

Kimberly Gencur-Svaty, Trade Wind Energy, testified in opposition to **HB 2196** (Attachment 9). She stated that wind energy is a renewable energy and an economic opportunity for Kansas. In her testimony she lists the following will occur from the development of nearly 7200MW of new wind energy:

- Total economic benefit to Kansas by \$7.8 billion
- New local jobs during construction - 23,000
- New long-term jobs for Kansas 3,000
- More than \$20.8 million annually for 20 years in payments to landowners
- More than \$19 million annually in local revenue to the impacted community

Committee members asked questions of Ms. El-Azzi and Ms. Gencur-Svaty.

Chairman Carlson continued, until Monday, March 2, 2009, the hearing on **HB 2196** and requested the conferees to return at that time.

The next meeting is scheduled for March 2, 2009.

The meeting was adjourned at 10:25 a.m.