

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on January 26, 2000, in Room 519-S of the Capitol.

All members were present except: Rep. Johnston - excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Allie Devine, representing the Kansas Livestock Assoc.
Leslie Kaufman, Asst. Dir., Kansas Farm Bureau
Doug Wareham, Vice-Pres., Gov. Affairs, Kansas
Grain and Feed Association
Joe Lieber, Kansas Cooperative Council
Stanley Larson, President., Kansas Agricultural Alliance
Brett Myers, Exec. Vice-Pres. Ks. Assoc. of Wheat Growers
Robert Alderson, representing Central Kansas Railway

HB 2588 - Family loss carrybacks allowed for income tax purposes.

April Holman of the Legislative Research Department explained **HB 2588** to the Committee.

Following this, Shirley Sicilian of the Department of Revenue addressed the fiscal note regarding **HB 2588**.

Representative Aurand explained to the Committee what the concept was behind **HB 2588**. He said that the Federal Government recognizes that in agricultural areas there are large fluctuations of year-to-year income. Kansas State Extension and their Farm Management group, in tracking this, have found a lot of times there will be a 50% change in average, state wide. Last year it dropped from over 50 thousand down to around 20 thousand. Individual farms can fluctuate far more than 100% per year.

He said that why he brought **HB 2588** forward was because it looks at the situation and takes it into account and if someone last year made \$80 thousand and then this year lost \$40 thousand, for 2 years they'd have an average of \$20 thousand annually. But if they made \$20 thousand last year and this year, they will not have to pay much state income tax. And if they made \$80 thousand last year, they will pay a large amount of state income tax. If this year you have nothing so you pay nothing, but for the two years, you still have paid quite a bit more than if you'd made that \$20 thousand two years in a row.

So **HB 2588** is trying to level out a sector of our economy that's having a lot of problems and goes through a lot of fluctuations. The federal code has recognized this so this is just to address the state portion.

The Chair then introduced Terry Arthur, General Counsel for the Kansas Farm Bureau who spoke as a proponent for **HB 2588**. (Attachment 1).

Allie Devine, representing the Kansas Livestock Association, spoke to the Committee as a proponent for **HB 2588**. (Attachment 2).

HB 2593 - Sales tax exemptions on grain storage facilities.

Chris Courtwright of the Legislative Research Department explained **HB 2593**.

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Speaking before the Committee as a proponent for **HB 2593**, was Leslie Kaufman, Assistant Director, Public Policy Division of Kansas Farm Bureau. (Attachment 3).

Doug Wareham, Vice President, Government Affairs for the Kansas Grain and Feed Association appeared before the Committee in support of **HB 2593**. (Attachments 4 and 5).

Next to appear before the Committee as a proponent for **HB 2593** was Joe Lieber, Executive Vice President of the Kansas Cooperative Council. (Attachment 6). He then called the Committee's attention to a letter in support of **HB 2593** from the Kansas Agricultural Alliance. (Attachment 7).

Brett Myers spoke as a proponent of **HB 2593**. (Attachment 8).

Bob Alderson offered testimony in support of **HB 2593** on behalf of Central Kansas Railway/Kansas Southwestern Railway. (Attachment 9).

Mr. Alderson said that while they were here to support **HB 2593** as it stands, however he wanted to also request an extension similar to what was included in **HB 2037** in 1999.

Representative Sharp asked if a farmer grew excessive grain and he took it to a storage place, do they sell it at that time for the price that is being paid at that particular time. Doug Wareham said they had a choice. They can either sell it across the scale, weigh their truck, dump it and sell it or they can store it and sell it later. Generally, if they think the price for the fall crop, from September to the following March, is going to increase enough that it's worth while to pay a monthly storage fee to keep it in there, they will do this.

The meeting was adjourned at 10:05 a.m. The next meeting is scheduled for Thursday, January 27, 2000.

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