

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:37 p.m. on February 17, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

- Representative Calloway-excused
- Representative Denning-excused
- Representative Frownfelter-excused
- Representative Schwab-excused

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
- Michael Wales, Kansas Legislative Research Department
- Marla Morris, Committee Assistant
- Allen Jeffus, Office Assistant

Conferees appearing before the Committee:

- Secretary Nick Jordan, Kansas Department of Revenue
- Kent Eckles, The Kansas Chamber
- Christy Caldwell, Greater Topeka Chamber of Commerce
- Dan Murray, National Federation of Independent Business (NFIB)
- Jennifer Bruning, Overland Park Chamber
- Lavern Squier, Kansas Economic Development Alliance (KEDA)
- Denise Walsh, Hills Pet Nutrition, Inc. and Subsidiaries
- Bernie Koch, Kansas Economic Progress Council
- D. Shawn Sullivan, Allen, Gibbs & Houlik, L.C., CPA's and Advisors

Conferees presenting written-only testimonies:

- Blake Schreck, President, Lenexa Chamber of Commerce
- Angela Pitale, Next Era Energy Resources, LLC.
- Tim Witsman, Wichita Independent Business Association
- Robert Vancrum, The Greater Kansas City Chamber of Commerce
- Ron Seeber, Kansas Association of Ethanol Processors
- Eli Bowman, Codero
- Chris Vering, Knit-Rite, Inc.
- Manolis Alatziniotakis, Karatzis, USA, LLC
- Thomas Reed, Popstar Networks, Inc.
- Tim Hutteger, Marathon Solutions, Inc.
- Richard Mills, III, CBIZ
- Rick Katz, Katz Law Firm
- Monica Greer, Grundfos Pumps Corporation

Others attending:

See attached list.

Bill Introductions:

Representative Kleeb moved introduction of a committee bill on a civil air patrol sales tax exemption. The motion was seconded by Representative Goico and the motion carried.

Chairman Carlson opened the continued hearing on **HB 2317- Authorizing expensing of investment expenditures as a deduction in calculating Kansas income tax liability and IMPACT program changes.**

Chairman Carlson opened the floor to questions held over from the February 16, 2011, suspended hearing on **HB 2317**. Committee members addressed questions to Richard Cram, Kansas Department of Revenue, and Secretary Nick Jordan, Kansas Department of Commerce.

CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:37 p.m. on February 17, 2011, in Room 783 of the Docking State Office Building.

Kent Eckles, The Kansas Chamber, testified in support of **HB 2317** and addressed portions of the bill that created concern among members of The Kansas Chamber ([Attachment 1](#)). He urged the Committee to pass **HB 2317**.

Christy Caldwell, Greater Topeka Chamber of Commerce, spoke in support of **HB 2317** and addressed four of the many elements within the bill ([Attachment 2](#)):

- Expensing
- High Performance Incentive Program (HPIP)
- Job Creation Program Fund
- Machinery and Equipment (M&E) Property Tax Credit

The Greater Topeka Chamber of Commerce suggests considering allowing businesses an option of continuation of the Machinery and Equipment Tax Credit or the use of Expensing.

Dan Murray, National Federation of Independent Business (NFIB), testified in support of **HB 2317** because the business investment expensing proposal is a pro-growth policy that recognizes and values the impact of small business ([Attachment 3](#)).

Jennifer Bruning, Overland Park Chamber, spoke in support of **HB 2317**, and urged the Committee to consider some of the amendments suggested in her testimony ([Attachment 4](#)).

Lavern Squier, Kansas Economic Development Alliance (KEDA), supports **HB 2317**. He stated HPIP, PEAK, and the Impact/Deal Closing Fund are powerful programs which are co-dependent as it relates to working to close deals, and inter-dependent in their particular functions ([Attachment 5](#)).

Denise Walsh, Hills Pet Nutrition, Inc. and Subsidiaries, testified in support of **HB 2317**, asking the Committee to incorporate the provisions in **HB 2051 - Business and job development carryforward credits under Kansas income tax act** into **HB 2317** ([Attachment 6](#)).

Chairman Carlson opened the floor to Committee questions addressed to the conferees.

Representative Goico requested information from Secretary Jordan on the fiscal impact of lowering the threshold from \$5 million.

Bernie Koch, Kansas Economic Progress Council, presented neutral testimony on **HB 2317**, because there are things the Council likes, and things that concern them ([Attachment 7](#)). The Kansas Economic Progress Council strongly supports the “deal closer” fund, but has concerns with the elimination of the machinery and equipment tax credits for equipment acquired before July 1, 2006.

D. Shawn Sullivan, Allen, Gibbs & Houlik, L.C., CPA's & Advisors, spoke in opposition to **HB 2317**. The firm, Allen Gibbs & Houlik, L.C., and a number of their clients believe that adopting **HB 2317**, when the state's economy is finally starting to show signs of recovering, could effectively redirect the flow of capital, jobs and business from Kansas into other states or countries with a more business-friendly tax environment ([Attachment 8](#)).

Chairman Carlson directed the Committee to the written-only testimonies for **HB 2317**:

Proponents: Blake Schreck, President, Lenexa Chamber of Commerce ([Attachment 9](#))
Angela Pitale, Next Era Energy Resources, LLC. ([Attachment 10](#))
Tim Witsman, Wichita Independent Business Association ([Attachment 11](#))

Neutral: Robert Vancrum, The Greater Kansas City Chamber of Commerce ([Attachment 12](#))

Opponents: Ron Seeber, Kansas Association of Ethanol Processors ([Attachment 13](#))
Eli Bowman, Codero ([Attachment 14](#))
Chris Vering, Knit-Rite, Inc. ([Attachment 15](#))
Manolis Alatziniotakis, Karatzis, USA, LLC ([Attachment 16](#))
Thomas Reed, Popstar Networks, Inc. ([Attachment 17](#))

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Tim Hutteger, Marathon Solutions, Inc. (Attachment 18)
Richard Mills, III, CBIZ (Attachment 19)
Rick Katz, Katz Law Firm (Attachment 20)
Monica Greer, Grundfos Pumps Corporation (Attachment 21)

Chairman Carlson closed the hearing on **HB 2317**.

The next meeting is scheduled for February 18, 2011, in Room 783 of the Docking State Office Building for the purpose of discussion and action on **HB 2331-Creating rural opportunity zones**.

The meeting was adjourned at 4:53 p.m.