

Approved: March 5, 2012  
(Date)

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:37 pm on Monday, February 20, 2012, in Room 783 of the Docking State Office Building.

All members were present.

### Committee staff present:

Gordon Self, Office of the Revisor of Statutes  
Scott Wells, Office of the Revisor of Statutes  
Chuck Reimer, Office of the Revisor of Statutes  
Chris Courtwright, Kansas Legislative Research Department  
Chris Sevedge, Kansas Legislative Research Department  
Allen Jeffus, Office Assistant  
Phyllis Fast, Committee Assistant

### Conferees appearing before the Committee:

Richard Cram, Policy and Research Director, Kansas Department of Revenue (KDOR)

Others attending: See attached list.

### Introduction of Bills:

*Representative Schwab made a motion for a bill concerning the consumption tax. Representative Frownfelter seconded the motion. Motion carried.*

*Representative Prescott made a motion for a bill concerning education finance. Representative Powell seconded the motion. Motion carried.*

Chairman Carlson sought discussion and action on:

**HB 2747: Taxation, rate reduction for income and privilege tax based state general fund receipts computations; income tax, deductions, credits and income determination; distribution of sales and use tax revenue; severance tax exemption; and rural opportunity zones.**

Chairman Carlson directed the Committee to follow-up testimony regarding **HB 2747**, provided by the Kansas Department of Transportation. (Attachment 1)

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## CONTINUATION SHEET

Minutes of the HOUSE TAXATION Committee at 3:37 PM on Monday, February 20, 2012 in 783-DSOB.

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Chairman Carlson indicated amendments to **HB 2747** are being proposed today in order to correct and clarify the overall intent of **HB 2747**.

Vice Chair Kleeb made a motion to pass **HB 2747** out favorable. Representative Powell seconded the motion.

Vice Chair Kleeb made a motion to amend **HB 2747** concerning Kansas income tax to change the basis for a partner's interest in a partnership and to change each shareholders' stock and indebtedness in an S Corporation. (Attachment 2) Representative Powell seconded the motion. The motion carried.

Vice Chair Kleeb made a motion to amend **HB 2747** concerning deductions and modifications to Kansas adjusted gross income. (Attachment 3) Representative Brunk seconded the motion. The motion carried.

During the discussion Chairman Carlson asked the Committee to allow the Office of Revisors of Statutes discretion in writing appropriate language for each amendment in order to maintain the overall intent of **HB 2747**.

Representative Denning made a motion to amend **HB 2747** concerning the reduction of taxes to zero for financial institutions. (Attachment 4) Representative Powell seconded the motion. The motion carried.

Representative Frownfelter made a motion to amend **HB 2747** by continuing the severance tax exemption for two years instead of ending the severance tax exemption. (Attachment 5) Representative Hedke seconded the motion. The motion failed.

Representative Schwab made a motion to amend **HB 2747** to end corporate income tax and privilege tax on January 1, 2017. (Attachment 6) Representative Brunk seconded the motion. The motion failed.

Representative Powell made a motion to amend **HB 2747** regarding the severance tax on oil well production by increasing the number of barrels per day to not exceeding 250 barrels per day. (Attachment 7) Representative Frownfelter seconded the motion. The motion carried.

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Representative Tyson made a motion to amend **HB 2747** by including Wabaunsee and Linn counties in the definition of “rural opportunity zones”. (Attachment 8) Representative Prescott seconded the motion. The motion carried.

Representative Schwab made a motion to amend **HB 2747** by removing the “angel tax credit”. (Attachment 9) Representative Donohoe seconded the motion. The motion failed.

Representative Tyson made a motion to amend **HB 2747** by making all refundable tax programs non-refundable. (Attachment 10) Representative Kelley seconded the motion. The motion carried.

Those Committee members who requested to have their NO vote recorded regarding the above amendment to **HB 2747** to make all refundable tax programs non-refundable were:

Ranking Minority Member Nile Dillmore  
Representative Melody McCray Miller  
Representative Kathy Wolfe Moore  
Representative Sean Gatewood  
Representative Stan Frownfelter

Vice Chair Kleeb made a motion to remove the contents of **SB 177 – Taxation, income and privilege tax rates, income tax deductions and credits and income determination, distribution of sales and use tax revenue, and severance tax exemptions**; and replace with language from **HB 2747**, including all amendments, to be designated as **H Sub for SB 177**. Representative Goico seconded the motion. Motion carried.

Vice Chair Kleeb made a motion to pass **H Sub for SB 177** out as amended. Representative Goico seconded the motion. Motion carried.

Those Committee members who requested to have their NO vote recorded regarding the above motion to pass **H Sub for SB 177** out as amended were: Representative Terry Calloway.

The next meeting of the Committee is scheduled for 3:30 pm, Wednesday, February 29, 2012 in 783-DSOB.

The meeting was adjourned at 5:30 pm.

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