

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:40 p.m. on March 15, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

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:

Roger Coverdale, Jackson County Commissioner
Linette Miller, Edwards County Economic Development Corporation
Craig Weidaug, Douglas County Administrator

Others attending:

See attached list.

Bill Introductions: None

Chairman Carlson introduced discussion and action on: **HB 2381 - Reduction to state income tax rates based on selected actual state general fund receipts computations, and sales tax rates and distribution.**

Representative Kleeb moved to pass HB 2381 favorably. Representative Denning seconded the motion. The motion carried.

Representative Kleeb moved to place the contents HB 2381 into SB 1-concerning consumer transactions; relating to the Kansas retailers'; sales tax act; requiring the cumulative rate to be printed on electronically printed sales receipts, delete the contents of SB 1 and pass out favorably as House Substitute for SB 1. The motion was seconded by Representative Schroeder. The motion carried. Representative Frownfelter requested to be on record that he objected to this move, and his vote in opposition be recorded.

Chairman Carlson announced the hearings on **SB 10 – An ACT concerning sales taxation** and **HB 2366 – Sales tax authority for Douglas County** would be held together due to the similarity of the bills, then he opened the hearing on **SB 10** and **HB 2366**.

Michael Wales, Legislative Research Department, briefed the Committee on **SB 10**. Passage of the bill would provide Edwards County, upon approval of the voters, an additional local sales tax authority of 0.375 percent, allowing the county a total sales tax rate of 1.375 percent. The proceeds would be used for economic development initiatives.

HB 2366 concerns a local sales tax for Douglas County by modifying the purpose to include conservation, the preservation of cultural heritage and for economic development projects and activities. Passage of **HB 2366** would allow the county to use the 0.25 percent tax currently in place, for uses other than preservation, access and management of open space, and industrial and business park related economic development permitted in the current law. The bill does not grant new authority. Mr. Wales stood for questions on **SB 10** and **HB 2366**.

The Chairman directed the Committee to the fiscal notes for **SB 10**, from the Division of Budget (Attachment 1), and the Kansas Department of Revenue (Attachment 2), placed in the daily packets.

Linette Miller, Edwards County Economic Development Corporation, testified in support of **SB 10**. Edwards County relies on fund raising to meet budget expenses for economic development. Passage of

CONTINUATION SHEET

The minutes of the House Taxation Committee at 3:40 p.m. on March 15, 2011, in Room 783 of the Docking State Office Building.

SB 10 would grant authority to place the question of a 0.375 percent county wide sales tax rate increase to a vote by Edwards County residents (Attachment 3).

Roger Coverdale, Jackson County Commissioner, spoke in support of **SB 10**. On behalf of Jackson County, Mr. Coverdale requested authorization to place a 0.4 percent countywide retailer's sales tax issue to the vote of residents of Jackson County on August 7, 2012, to fund additional road and bridge repair and improvement, and economic development (Attachment 4). He responded to questions from the Committee.

There were no other conferees presenting testimony on **SB 10**.

Chairman Carlson directed the Committee to fiscal notes from the Division of Budget (Attachment 5) and the Kansas Department of Revenue for **HB 2366** (Attachment 6).

Craig Weinaug, Douglas County Administrator, spoke in support of **HB 2366**. The Douglas County Commission would like the option to ask the voters to approve an increase in the sales tax rate. Should the county put the increase to a vote, the increased revenue would be used to support a slightly broader range of possible projects, specifically to broaden open space projects to include heritage conservation and to broaden the industrial park side to include other economic development activities (Attachment 7). Mr. Weinaug stood for questions.

There were no other conferees presenting testimony on **HB 2366**. Chairman Carlson closed the hearing on **SB 10** and **HB 2366**.

Discussion and action on: **HB 2347 - Earned income tax credit amount decreased and made nonrefundable**

Representative Calloway moved to pass **HB 2347** favorably. Representative Schwartz seconded the motion.

Representative Calloway moved an amendment to reinsert wording in line 9 and striking portions of line 10 and line 11 to bring the bill back to 18%, leaving the bill unchanged. Representative Tyson seconded the motion. The motion to amend carried unanimously.

Representative Tyson moved an amendment to allow the tax credits to be carried for five years, so that the language would read such that the amount thereof, which exceeds such tax liability may be carried forward for credit in the succeeding taxable year or years not to exceed five years until the amount is used. On a show-of-hands vote, the vote was: Yeas 14; Nays 6. The motion carried.

Representative Calloway closed on the motion to pass **HB 2347** as amended favorable. Representative Tyson seconded the motion, and the motion carried. Representatives Goico, Gatewood, Wolfe Moore, McCray Miller, Dillmore, Phelps, Frownfelter, and Donohoe requested their vote in opposition be recorded.

The next meeting is scheduled for Wednesday, March 16, 2011, in Room 783 of the Docking State Office Building, for the purpose of hearing:

SB 177 - Statute of limitations increased for taxpayers claiming certain refunds and credits

SB 59 - Interest rate charged; delinquent or unpaid tax and overpayment of taxes

HB 2365 - Imposing a tax on wire transmission of moneys outside the state

HB 2392 - Establishes a process for federal debt setoff of delinquent state debt

Chairman Carlson announced the hearing on **HCR 5013 - Constitutional amendment to provide revenue, expenditure and taxation limitations on state government**, originally scheduled for March 16, has been removed from the agenda.

The meeting adjourned at 5:07 p.m.