

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on February 20, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Martha Dorsey, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

SB 365, enacting the Kansas estate tax act was discussed. Senator Bruce reviewed the sub-committee report which included tax brackets and rates. (Attachment 1) He reported the proposed bill would be revenue neutral. The estate tax will expire in 2010, and raises the estate tax in the upper brackets to make up for the loss in the lower brackets. Steve Stotts, KDOR, said they based the proposed figures on 2004 and 2005 tax years. The bill gives favorable treatment to farmers because it is based on land use, not land value.

Allie Devine, Kansas Livestock Association, reported KLA supports the sub-committee report as long as the agriculture valuation and the sunset provision stay in the bill. Marlee Carpenter, Kansas Chamber of Commerce, said she was unsure of the Chamber's position on the bill. Joan Wagon, Secretary of KDOR, will bring figures to the Committee tomorrow on how the current estate tax law would compare to the law proposed in **SB 365**.

Discussion was held on **SB 465**, increasing income tax credit for adoption of certain Kansas children. Gordon Self presented proposed amendments to the bill. (Attachment 2) He also distributed the language in the Internal Revenue Code which clarifies who qualifies as "special needs" children under Federal law. (Attachment 3)

Senator Schmidt made a motion to amend **SB 465** as suggested in the balloon and to further amend the bill on page 2, by striking the five-year limitation on the carry forward provision and make it an unlimited carry forward provision. Senator Jordan seconded the motion, and the motion passed.

Senator Schmidt then moved to recommend **SB 465**, as amended, favorable for passage. Senator Bruce seconded the motion, and the motion carried.

Mark Beck, Director of Property Valuation Department, made clarifications concerning **SB 311**, tax levy authority for governing bodies of technical colleges and school districts. He said the bill does not give technical colleges bonding authority, as they already have this authority under current law, although the bonds cannot be secured by property taxes. There are nine technical colleges who currently levy taxes. (Attachment 4) Several Senators expressed concern this issue should be a part of a larger interim study, especially since adult basic education is such a needed training.

Senator Pine moved to table **SB 311** and recommend the issue for interim study. Senator Schmidt seconded the motion.

Senator Donovan made a substitute motion to recommend **SB 311** favorable for passage. There was no second to the motion.

Senator Pine's original motion passed.

Senator Donovan moved to approve the Minutes of the February 15 and February 16 Committee meetings. Senator Schmidt seconded the motion, and the motion passed.

Being no further business, the Committee adjourned at 11:40 a.m.