

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Vice-Chairman Les Donovan at 11:00 A.M. on February 2, 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:

Joan Wagon, Secretary of Kansas Department of Revenue
Professor Arthur Hall, University of Kansas

Others attending:

See attached list.

Joan Wagon, Secretary of Kansas Department of Revenue, made a presentation on a tax credit effectiveness study. She introduced KDOR General Counsel Jim Bartle and KDOR Tax Specialist Kathleen Smith who were also in attendance.

Secretary Wagon gave an in-depth review of the types of Kansas tax credits available. (Attachment 1) She presented an updated analysis of Kansas corporate income tax. (Attachment 2) (Attachment 3) She introduced Patty Clark, Department of Commerce, who said that if it appears tax credits are not going to be used within the year, the Department of Commerce tries to reallocate funds so all credits can be used.

Professor Arthur Hall, University of Kansas, discussed with the committee his study, An Economic Evaluation of Two Kansas Tax Credit Programs. (Attachment 4) He said that to accomplish a good return-on-investment study, more information than currently available is needed. His study shows the tax credits are more valuable to bigger investors.

Senator Lee requested a list of urban and non-urban counties, the amount of manufacturing per county, number of manufacturing employees, and number of manufacturing firms in each county. Professor Hall will provide this information.

Richard Cram provided proposed language from KDOR to Department of Commerce requiring corporations claiming tax credits to provide additional information. (Attachment 5)

Senator Donovan made a motion to approve the Minutes of the February 1 Committee meeting. Senator Pine seconded the motion, and the motion passed.

Being no further business, the committee adjourned at 12:00 noon.