

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on March 9, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Mayor Joe Reardon, Kansas City, KS
Charles Gregor, Leavenworth-Lansing Area Chamber of Commerce
Ross Markle, Harris Bros Cleaners
Mark Beshears, Sprint & Nextel
Hal Hudson, NFIB
Don Beatty, Hills Pet Nutrition
Jim Showalter, PTMW, Inc.
Jeff Berke, CJS Industries
Bernie Koch, Wichita Area Chamber of commerce
Bob Fasl, AT&T
Marlee Carpenter, Kansas Chamber

Others attending:

See attached list.

Hearing was opened on:

HB 2619--Property tax exemption for certain commercial and industrial machinery and equipment, materials and supplies

Sub HB 2525--Property tax exemption for certain telecommunications machinery and equipment and railroad machinery and equipment.

Mayor Joe Reardon, Kansas City, Kansas, testified on the property tax exemptions. (Attachment 1) He opposed the bills in their current form, and requested the income shortfall to local units of government be added into the bill. He said Kansas City could lose up to \$11 million annually.

Charles Gregor, Leavenworth-Lansing Area Chamber of Commerce, testified in favor of **HB2619**. (Attachment 2) He said the bill would release capital for reinvestment, level the playing field with other states, and be an investment in the future.

Ross Markle, President of Harris Bros. Cleaners, provided background on this tax from a business perspective. (Attachment 3)

Mark Beshears, Sprint Nextel, requested the telecommunications industry be included in the tax exemptions. (Attachment 4)

Hal Hudson, NFIB, said the passage of these bills would not cause any city or county to lose any tax revenue they are now receiving. (Attachment 5)

Don Beatty, Hill's Pet Nutrition, testified in support of **HB 2619**. (Attachment 6) He felt it would have a long term positive effect on potential expansions and investments into Hill's manufacturing facility in Topeka.

Jim Showalter, PTMW, Inc., testified the new equipment exemption will foster economic growth within Kansas and within PTMW. (Attachment 7)

Jeff Berke, CJS Industries, said **HB2619** will encourage the continued expansion of existing capital intensive businesses and relocation of new business in Kansas. (Attachment 8)

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on March 9, 2006 in Room 519-S of the Capitol.

Bernie Koch, Wichita Metro Chamber of Commerce, testified **HB 2619** would help close the gap in personal income growth between Kansas and the rest of the country. (Attachment 9) He said in Sedgwick County business personal property is about ten percent of the property tax base.

Robert Fasl, AT&T, testified as a result of shifts in telecom metrics, the Legislature should continue to ensure companies competing to sell the same services to the same customers should be taxed at the same level. (Attachment 10)

Marlee Carpenter, Kansas Chamber, supported HB 2619. (Attachment 11) She said the repeal of this tax will help businesses of all sizes and businesses in all industries. She said the income loss will not be as substantial as many report, since nothing is being removed from the current tax base, only future purchases will be exempt from the property tax.

Written testimony was received from the following in support of **HB 2619** and **Sub HB 2525**:

- Christy Caldwell, Greater Topeka Chamber of Commerce (Attachment 12)
- General Motors (Attachment 13)
- Wes Ashton, Overland Park Chamber of Commerce (Attachment 14)

Mark Beck, PVD, provided an updated chart showing percentages on the amount of new CI/ME tax received annually by select counties. (Attachment 15)

Being no further business, the Committee adjourned at 11:45 a.m.