

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 12:10 P.M. on May 1, 2006, in Room 231-N 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.

Chris Courtwright reviewed **HB 2619, property tax exemption for certain commercial and industrial machinery and equipment, materials and supplies and HB 2525, property tax exemption for certain telecommunications machinery and equipment and railroad machinery and equipment.** Both bills have been amended into **SB 365. HB 2619** would expand both Homestead Exemption programs. Mr. Courtwright presented fiscal information. (Attachment 1)

State General Fund receipts, expenditures and balances as projected FY 2005-FY 2009 based on 4.0 percent, 4.5 percent and 5.0 percent growth were distributed by Chairman Allen. (Attachment 2)

Gordon Self said language has been developed to further define the word “acquired” in the bill. However, he has not yet reviewed that language.

Senator Schmidt presented a new m and e proposal with local sales tax option mitigation. (Attachment 3) He said the State cannot afford to fully fund the slider amendment. He led discussion on his proposal.

Chairman Allen presented another alternative m and e proposal with local option constitutional m and e exemption and statutory exemption from 21.5 mills. (Attachment 4) She said prior testimony showed that local governments did not want to bear the risk of m and e cuts, and this would allow them to exempt m and e from all non-state levies.

Raising the diminimus tax from \$400 to \$1,000 was discussed. Senator Apple requested a fiscal note for raising the amount to \$1,500.

Committee discussion followed on the m and e exemption. Senator Apple expressed concern about creating an unfair tax policy. Senator Donovan said it would not be easy for businesses to avoid paying m and e taxes by leasing equipment. Senator Lee said there is just no way for the sales tax base in some counties to make up m and e losses, and she felt this proposal would exacerbate the problems that already exist. Senator Goodwin said the original m and e bill was assumed to be a win-win situation, but after checking with her constituents, she found this bill would not be good for all counties. She said the rural counties would bear the brunt of this proposal.

Chairman Allen briefly reviewed Committee bills that were conferenceable. She requested members let her know if they have a special interest in any particular bill. Senator Lee requested consideration of **HB 2023, sales tax authority of cities under retailers' sales tax law.**

Being no further business the meeting adjourned at 1:20 p.m. Next committee meeting will be held on adjournment of the Senate today.