

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 21, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Secretary Joan Wagnon, Department of Revenue
Representative Mario Goico
Randy Mittner, Executive Officer, Adjutant General's Office
Annabeth Surbaugh, Chairperson, Johnson County Board of County Commissioners
Joe Waters, Director, Johnson County Facilities Management
Sheriff Denning, Johnson County Sheriff
Marlee Carpenter, KS Chamber of Commerce

Others attending:

See attached list.

The Chairman advised the Committee of the on-going Legislative process regarding Taxation Bills. Room 519-S is reserved for Conference Committees next Monday and Tuesday, however at this time, there are no Taxation Bills in conference, which is a concern for many people involved in the process.

HB 2983 - Countywide retailers' sales tax for Johnson County for public infrastructure projects.

Chris Courtwright said that the bill is a county option local sales tax bill. Johnson County would allow Johnson County residents to vote on a sales tax of up to a half cent for needed infrastructure projects.

The Chairman opened the public hearing on **HB 2983.**

Annabeth Surbaugh, Chairperson, Johnson County Board of County Commissioners, said that **HB 2983** responds to increasing space requirements for jails, courts, and other public improvements needed to maintain the quality of life their residents have come to expect. They also support the needed transit improvements for the Kansas City region, as proposed in earlier legislation, however this bill is solely for Johnson County. **HB 2983** gives them the financing mechanism to meet their current and growing demand for public improvements (Attachment 1). She introduced F. Lawrence McAulay, Jr., Director of Legal Services, Hannes Zacharias, Deputy County Manager, and Michael D. Meadors, Director of Parks and Recreation, from Johnson County.

Joe Waters, Director of Facilities for Johnson County, spoke of the challenges in capital projects over the next five years requiring over \$800,000,000 in resources. He described the following projects that are included in the plan: Jail Expansion; Jail Intake Expansion; Crime Lab; Adult Residential Work Sentence Facility; Juvenile Services Building and Juvenile Detention Expansion; New Courthouse; Parks and Recreation; Libraries; Bridges; Roads; Culverts and Assistance; and Transportation. Johnson County has stretched the public resources and **HB 2983** will afford the citizens the opportunity to further diversify those resources through a public vote on an additional sales tax (Attachment 2).

Sheriff Frank Denning, Johnson County Sheriff, described two critical criminal justice projects that must move forward in Johnson County, without delay, to assure public safety of those that work and live in Johnson County (Attachment 3).

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The Chairman closed the public hearing on **HB 2983**.

After discussion, hearing no Committee objections to work the bill, the Chairman asked the desire of the Committee.

Representative Huff made a motion to pass out **HB 2983** favorable for passage. Representative Owens seconded the motion. The motion carried.

Gordon Self suggested a technical amendment was in order.

Representative Carlin made a motion to reconsider. Representative Goico seconded. The motion carried.

Representative O'Malley made a technical amendment to place the Johnson County amendments into the correct version of the statutes. Representative Davis seconded the motion. The motion carried.

Representative Huff made a motion to pass out **HB 2983**, as amended, favorable for passage. Representative Owens seconded the motion. The motion carried.

HB 3017 - Credits for employers who employ certain members of the military

The Chairman opened the public hearing on **HB 3017** and recognized Representative Goico.

Representative Goico said Representative Lee Tafanelli, had wanted to testify, however, due to time constraints, he would speak for both of them (No written testimony). He briefly reviewed his experiences of serving in the armed forces for 33 years. He said as a commander, he recognized the need to take care of the personnel and their families, especially through the difficult time many veterans experience when they return to civilian life.

HB 3017 provides a 25% tax credit for employers to hire reservists, who served in active duty and returned without jobs. This bill gives employers an incentive to hire people who may or may not be activated another time. He advised that as they worked the bill, he would offer amendments that would give more specific details to **HB 3017**. He said that this would affect a small number of reservists and added that the fiscal impact would not be large.

Randy Mittner, Executive Officer, Adjutant General's Office, rose in support of **HB 3017**. The Adjutant General requested that he appear to express his support for this type of legislation. He explained several issues that face men and women returning from deployment.

The Chairman closed the public hearing on **HB 3017**. Hearing no objection to work the bill he asked what the Committee would like to do.

Representative Goico made a motion to amend **HB 3017**, to include a cap of \$7,000 for each incident, for a one-year period, and add a three-year sunset. Representative Kelly seconded the motion. The motion carried.

Representative Goico made a motion to pass out **HB 3017**, as amended, favorable for passage. Representative Kelley seconded the motion. The motion carried.

HB 2618 - Concerning property taxation; relating to exemptions and credits; digital television and radio equipment.

Representative Brunk reviewed the bill, which had a public hearing on January 26, 2006, and was the result of a federal mandate. The digital part of the bill was very broad and his amendment tightened the statute. The fiscal note would be a loss of revenue of \$170,000 over three fiscal years. If the equipment serves a dual purpose, it would not be subject to this exemption.

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Representative Brunk explained a balloon that would insert the date of December 31, 2013, instead of leaving it open ended, and added an accountability piece that would require a report on digital equipment from the Kansas Association of Broadcasters (Attachment 4).

Representative Brunk made a motion to amend his balloon into **HB 2618**. Representative Goico seconded his motion. The motion carried.

Representative Brunk made a motion that the Committee pass out **HB 2618**, as amended, favorable for passage. Representative Siegfried seconded the motion. The motion carried.

SB 551 - As amended, would require taxpayers claiming certain tax credits beginning with tax year 2006 to provide information to the Department of Revenue to assist in the evaluation of the effectiveness of the tax credit programs.

Secretary Wagon, Department of Revenue, explained a joint study comprised of the Department of Revenue and Commerce had occurred last summer to look at the effectiveness of the tax credits (Attachment 5). She introduced Kathleen Smith, Policy Analyst for DOR and David Bybee, Department of Commerce and explained the genesis of the bill and the people who worked on the program.

The bill provides that beginning with tax year 2006, a taxpayer claiming tax credits in the High Performance Incentive Program (HPIP) and the Business and Job Development (B & J) tax credit programs shall provide the needed data for evaluation as a condition for claiming the credits. She explained the spreadsheets attached to her testimony.

A balloon amendment was attached to her testimony that struck language "*applying for certification for such program participation*" and inserted the language "*filing a certificate of intent to invest in a qualified business facility*" on page one, lines 27; 28; 32; 33; 37; 38; 42; 43 and on page two, lines four and five. She called attention to addition language on page two, lines 28 through 30.

It is the intent of the Revenue and Commerce Departments to improve the process to provide an accurate evaluation of which credits are working through the use of multiple indicators.

Marlee Carpenter testified that the Chamber of Commerce had opposed the original version of **SB 551**, however they were neutralized with the amendments. They have not had the opportunity to review all of the amendments at this time (No written testimony).

The Chairman closed the hearing on **SB 551**.

The meeting was adjourned at 10:30 A.M. The next meeting is March 22, 2006.