

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 14, 2007 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, Office of Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Shirley Palmer
Secretary Joan Wagnon
Kevin Fowler, Frieden & Forbes
Madison Traster, Grant County Commissioner
Gary Baker, Steven County Commissioner
Karla Dimitt, Stanton County Economic Development
Neal Gillespie, Steven County Economic Development
Mark Beshears, Sprint
Jim Gartner, AT & T
David White, AT & T (written testimony only)

Others attending:

See attached list.

The Chairman called for bill introductions.

Representative Shirley Palmer requested a bill introduction pertaining to the establishment of a Fort Scott Bourbon County River-front Authority for development of the Marmaton River in Fort Scott. Representative Menghini moved the introduction, seconded by Representative Holland. The motion carried.

HB 2434 - Authorizing certain interlocal agreements which allow the sharing of revenue based on growth in assessed valuation of real and person property.

Chris Courtwright, Legislative Research Department, explained that the board of county commissioners of any two or more counties may enter into an interlocal cooperation agreement to jointly promote economic development at any location within the geographical boundaries of such counties. He said the bill clarifies existing law and reduces interpretative uncertainty.

The Chairman opened the public hearing.

Kevin Fowler, Frieden & Forbes, testified that the bill is intended to strengthen the ability of Kansas counties to use joint action under the "Interlocal Cooperation Act, and the "County Economic Development Programs Act". He explained the bill simply provides clarification of the current law. He was involved in drafting the bill and would be happy to answer any question (Attachment 1).

Secretary Joan Wagnon, testified in support of the bill, on behalf on the Department of Revenue and as the Chair of Kansas Advisory Council Intergovernmental Relations (KACIR). She spoke of previous experience using this type of process in Shawnee County. She concluded by saying there are no down sides to this legislation and urged passage of **HB 2434** (Attachment 2).

Madison Traster, Grant County Commissioner, said that counties should have the ability, when appropriate, to work in a collaborative fashion and join forces to bring combined strength to retain existing jobs, encourage business growth and encourage new business to locate in our counties is important. **HB 2434** makes that possible and supports counties as they face challenging financial times (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 14, 2007 in Room 519-S of the Capitol.

Gary Baker, Steven County Commissioner, rose in support of the legislation. He said the bill would provide an important and useful economic development tool for counties. He spoke about the aggressive competition from Texas and Oklahoma, where local and state governments have joining together to provide attractive financial incentives to attract new agricultural related business and industry. **HB 2434** strengthens existing Kansas law, and he asked for the Committee's support (Attachment 4).

Karla Dimitt, Stanton County Economic Development, said that counties compete with neighboring counties when attempting to bring industry into their area. **HB 2434** provides a way to develop a mutual support system to enhance economic growth resulting in financial benefits to our counties as a whole (Attachment 5).

It was noted that written testimony had been received and distributed from Neal Gillespie, a member of the Steven County Economic Development Board (Attachment 6)

The Chairman closed the public hearing on **HB 2434**.

HB 2288 - Refund of retailers' sales tax paid on certain purchases of telecommunications machinery and equipment.

Chris Courtwright, Legislative Research Department, said that **HB 2288** would provide for a refund mechanism under which all sales taxes paid on telecommunications machinery and equipment would be refunded to the tax payers on July 1, 2007. He explained why it is a refund and not an exemption. The Department's fiscal note is \$40 million for 2008.

The Chairman opened the public hearing.

Mark Beshears, Vice President, Sprint, appeared in support of **HB 2288**. He spoke of a recent meeting with Governor Sebelius who shared her vision for an improved environment, where government works to help Kansas businesses with issues of taxation and competitiveness. The elimination of this tax on investment in telecommunications network assets would significantly benefit Kansas businesses and constitute sound tax policy. He outlined four features of the bill (Attachment 7). He questioned the accuracy of the \$40 million fiscal note, and stated that there were several categories included in the note that would not be refunded. Based on **HB 2288** as written, the economists at Sprint, project the fiscal note to be between \$10 -\$12 million.

Jim Gartner, AT & T, rose in support of **HB 2288**. He called attention to the written testimony of David White, Director of Tax Policy - AT&T (Attachment 8). He expressed concern over the fiscal note, and stated that their economists project a note between \$4 and 5 million.

Secretary Wagon testified in opposition to **HB 2288** (Attachment 9). She stated the fiscal impact for 2008 would be \$40 million.

Discussion followed regarding possible ramifications of the passage of **HB 2288**.

The Chairman closed the public hearing on **HB 2288**.

The meeting was adjourned at 10:25 a.m. The next meeting is February 15, 2007.