

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:35 A.M. on March 24, 2008 in Room 519-S of the Capitol.

All members were present except:

Nick Jordan- excused

Committee staff present:

Gordon Self, Office of Revisor of Statutes

Chris Courtwright, Kansas Legislative Research Department

Scott Wells, Office of Revisor of Statutes

Ryan Hoffman, Kansas Legislative Research Department

Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Senator Derek Schmidt

Rochelle Chronister, Wilson County

J. D. Cox, City of Neodesha

Joe Morris, City of Fredonia

Others attending:

See attached list.

Senator Derek Schmidt led testimony on a drafted Senate Bill concerning Wilson County, relating to certain capital improvement projects; financing thereof through issuance of revenue bonds by the Kansas Development Finance Authority; countywide retailers sales tax authority; and distribution of moneys from oil and gas depletion trust fund.

Senator Schmidt explained the need for the legislation in the City of Neodesha and the City of Fredonia. (Attachment 1) Neodesha's industrial park is atop an old oil refinery, and is contaminated. Neodesha has acquired a proper site, and now needs the money to develop the infrastructure to transform the farm field into an industrial park at an estimated cost of \$5.5 million. Fredonia's issue is the intersection of US 400 and K-47 where numerous fatalities have occurred. The legislation would allow Wilson County citizens to decide whether to use their own money to finance both projects. It would authorize a county-wide sales tax of up to one-cent for these purposes. It would also allow Wilson County to tap into its severance tax trust fund early for the purpose of paying for these improvements. It would authorize the Kansas Development Finance Authority (KDFFA) to handle the bonding for these projects.

Rebecca Floyd, KDFFA, said there would be sufficient funds available in Wilson County before KDFFA issued the bonds. The State General Fund will ultimately be responsible for any debt payment deficiencies.

Rochelle Chronister, representing the citizens of Wilson County, testified at least two of Neodesha's industries are ready to expand operations, but do not want to expand on contaminated land. (Attachment 2) The City of Fredonia has had response from the Kansas Department of Transportation (KDOT) with an offer to build a roundabout to slow down traffic at its dangerous intersection, but does not like that solution.

J. D. Cox, City Administrator of City of Neodesha, said he appreciated the Committee's attention to the problem in Neodesha. The problem the city has is a good problem, industry wanting to grow in their city. Chairman Allen requested Mr. Cox provide written comments to the Committee.

Joe Morris, City of Fredonia City Administrator, said the requested alteration of the traffic project is appropriate timing. (Attachment 3)

Discussion on the proposed legislation was closed.

Discussion was held on **SB 665-Late filing of property tax returns by public utilities**. Scott Wells, Revisor of Statutes, reviewed the bill. Mark Beck, Property Valuation Department (PVD), presented a proposed amendment which was agreed upon by all interested parties, including utility companies. (Attachment 4) He also distributed an amended explainer which reviewed Senator Umbarger's proposed

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on March 24, 2008 in Room 519-S of the Capitol.

amendments. (Attachment 5) Mr. Beck said the bill's intent is to create an incentive to have utilities get their tax returns filed on time. The proposed amended version of **SB 665** accomplishes this intent. Senator Apple presented an amendment to **SB 665** that the county appraiser shall notify the county clerk when the exemption application has been filed. (Attachment 6) He said PVD and county clerks agree on his proposed amendment.

Senator Apple moved to amend **SB 665** by adopting the balloon amendment submitted by PVD. Senator Pine seconded the motion, and the motion passed.

Senator Apple moved to further amend **SB 665** by adopting his proposed amendment. Senator Pine seconded the motion, and the motion passed.

Senator Schmidt moved to insert the contents of amended **SB 665** into **HB 2434**. Senator Apple seconded the motion, and the motion passed.

Senator Schmidt moved to make **HB 2434** a substitute bill and to report **Senate Substitute for HB 2434** favorable for passage. The motion passed.

**SB 686--An act concerning income taxation; relating to apportionment of net income** was discussed. Chris Courtwright, Kansas Legislative Research Department, said **SB 686** would allow a single factor apportionment formula to be used. The Kansas Department of Revenue (KDOR) said there would be no fiscal note for at least five years.

Senator Schmidt moved to strike all the contents out of **HB 2037** and insert in lieu thereof the contents of **SB 686** and make it a substitute bill. Senator Bruce seconded the motion, and the motion passed.

Senator Schmidt moved to report **Senate Substitute for HB 2037** favorable for passage. Senator Bruce seconded the motion, and the motion passed.

Senator Schmidt moved to strike the contents from **HB 2590**, and replace with drafted language (7rs2474) concerning Wilson County, relating to certain capital improvement projects, give the Revisor discretion to make technical amendments, make it a substitute bill and report **Senate Substitute for HB 2590** favorable for passage. Senator Donovan seconded the motion, and the motion passed.

Senator Schmidt moved to approve the minutes of the March 13 committee meeting. Senator Bruce seconded the motion, and the motion passed.

Being no further business, the meeting adjourned. The next meeting will be March 19.