

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 14, 2006 in Room 519-S of the Capitol.

All members were present except:

Representative Lana Gordon- excused
Representative Nancy Kirk- excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Kathe Decker
Representative Pat George
Stephen McAnnally, Clay County Appraiser
Paul Styers, Equipment Company
Karl Peterjohn, KS Taxpayers' Network
Tony Folsom, DOR, Division of Property Valuation
Don Moler, League of KS Municipalities
Mark Desetti, Kansas NEA
Chad Austin, Hospital Association
Reginald L. Robinson, Board of Regents

Others attending:

See attached list.

HCR 5027 - Constitutional amendment to limit appraised valuation increases of real property used for residential purposes to consumer price index for property tax purposes.

Proponents:

Representative Kathe Decker, sponsor of the bill, said that all tax payers need to have their homes valued according to a fair market value and she requested that the Legislature let the citizens of Kansas have a vote on this Constitutional amendment (Attachment 1).

Stephen McAnnally, Clay County Appraiser, quoted the Kansas Constitution, "Except as otherwise hereinafter specifically provided by this section, the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation." He said establishing a statewide maximum increased valuation increase to the average consumer price index provides for just such a uniform and equal basis of valuation (Attachment 2).

Paul Styers, Equipment Company testified in support of **HCR 5027**, and said that stabilizing residential property taxes should include all property owners and exclude no one. He offered three amendments for the Committee's consideration: 1) Let the bill encompass all classes of property both real and personal, 2) Limit the rate of tax increases to the lesser of the CPI or the annual appraised value, and 3) Preclude any state, county, city or local taxing authority from circumventing the amendment with mill levy increases (Attachment 3).

Karl Peterjohn, KS Taxpayers' Network, testified that **HCR 5027** would limit appraisal increases to the growth in the CPI as calculated by the federal government. He said that the resolution is a good start but needs to be broadened to cover all of the classes of taxable property in this state, not just residential (Attachment 4).

Neutral:

Tony Folsom, appeared as a neutral party for the Department of Revenue. Included in their testimony were eight issues that they believed need to be acknowledged and discussed prior to implementation (Attachment 5).

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 14, 2006 in Room 519-S of the Capitol.

Opponents:

Don Moler, League of KS Municipalities, said that the legislation creates disparities between valuations of properties in Kansas and as a result treats taxpayers in an inequitable fashion. Another concern was that it opened up all of Section 1 of Article 11, of the Kansas Constitution to amendment and modification with the possibility of a significant change to the state property tax system (Attachment 6).

Mark Desetti, Kansas NEA, said that although the legislation would tie residential appraised valuations for tax purposes to the CPI-U, and would allow for appraisal increased below the CPI-U, it would also prohibit increases above the CPI-U. This would ignore market forces and would serve, over time, to either starve local units of government causing cuts in services or force local units of government to set ever increasing mill levies to make up the difference (Attachment 7).

After a period of questions and answers, the Chairman closed the hearing on **HCR 5027**.

HB 2685 - Income tax credit for taxpayer contributions to educational institutions to be used in programs designed to train and educate licensed medical professionals.

The Chairman opened the hearing on **HB 2685**.

Representative George, sponsor of the bill, testified that in light of the shortage of nurses, technicians, therapists, and other health care professions, **HB 2685** would provide an incentive through income tax credits to individuals or entities who make contributions to higher education institutions. Those contributions are to be used to further the course of study designed to educate health care professionals. He directed attention to correspondence attached to his testimony from Sheila Frahm, Executive Director, KS Association of Community College Trustees. She reiterated the benefits that would result to higher education if the bill were to pass (Attachment 8).

Chad Austin, Vice President, Government Relations, KHA, said that the bill is a significant step toward establishing an adequate and qualified supply of health care professionals in Kansas. The resources that would result from enacting **HB 2685** would assist in recruiting and retaining qualified faculty, and potentially expanding current programs to train additional health care professionals (Attachment 9).

Reginald L. Robinson, President and CEO, Kansas Board of Regents provided written testimony in support of the legislation (Attachment 10).

After discussion about the accounting process starting with donations to the issuance of tax credits the Chairman closed the hearing of **HB 2685**.

The Chairman made general announcements regarding the schedule for the upcoming week and adjourned the meeting at 10:45 A.M. The next meeting is February 15, 2006.