

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:45 A.M. on March 16, 2006 in Room 519-S 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.

Hearing was opened on **HB 2573**, income taxation, deduction for amounts contributed to qualified tuition programs.

Lynn Jenkins, State Treasurer, testified this bill would help Kansans have access to a college education by preparing for the financial costs. (Attachment 1) In response to Senator Allen, she said Kansas would be the first state to implement this program, which would allow Kansas residents to choose the Kansas plan or another state's 529 plan.

A letter to Senator Allen from William Bates, American Century Investments, in support of **HB 2573** was distributed to the Committee. (Attachment 2) The hearing was closed.

Hearing was opened on **HB 2640**, no sales taxation of manufacturer rebates to purchasers and lessees of new motor vehicles.

Representative David Huff testified this bill, if passed, would treat citizens more fairly. (Attachment 3) He said the fiscal note was flawed, it should be much lower. He said the bill is in compliance with the State Streamline Sales Tax Law. Discussion was held on the fiscal note. Senator Donovan asked what method was used to come up with the fiscal note. Richard Cram, KDOR, said he would clarify the information he received from the automobile industry. Senator Donovan said there are dealer cash rebates, which are not taxed, and customer cash rebates, which are taxed. He thought the fiscal note was prepared using both dealer and customer cash rebate figures.

Don McNeely, Kansas Automobile Dealers Association, testified in favor of the bill. (Attachment 4) He provided a list of customer incentives from car companies with his testimony.

John Federico, on behalf of General Motors, testified in favor of the bill. (Attachment 5) Improving the tax climate will help spur more growth at the GM Fairfax facility in Kansas City.

Written testimony supporting **HB 2640** was received from Robert Peterson (Attachment 6) and C. S. Reiff (Attachment 7).

Senator Bruce questioned why this was figured as a sales tax instead of an income tax. Richard Cram said the tax is charged on the gross receipt the retailer receives. Hypothetically, compared to the Federal law, this would be an income tax. Cram will clarify the fiscal note. The hearing was closed.

Alan Conroy provided information the Committee requested yesterday. (Attachment 8) He said the information he provided is built into the Governor's budget, except for the school finance figures.

SB 389, income taxation, credit for biofuels mixing facilities, was discussed. The Committee clarified for Staff that Senator Taddiken intended a taxpayer could only claim the credit one time for ethanol; and one time for biodiesel, per facility.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:45 A.M. on March 16, 2006 in Room 519-S of the Capitol.

Hearing on **HB 2581**, libraries; tax levies; based on preliminary of property values, was opened.

Testimony was received from the following conferees in support of the bill:

- Representative Jene Vickery- Written only ([Attachment 9](#))
- Barton Cohen, Leawood, KS ([Attachment 10](#))
- Sherrie Riebel, Allen County Master Clerk ([Attachment 11](#))
- Representative Becky Hutchins - Written only ([Attachment 12](#))
- Kim Borchers, Topeka, KS ([Attachment 13](#))
- Andrea Bandy, Topeka, KS ([Attachment 14](#))

Testimony was received from the following conferees in opposition to the bill:

- Representative Ann Mah - Written only ([Attachment 15](#))
- Ron Hein, Motion Picture Association of America ([Attachment 16](#))
- Barbara Dew, Ottawa Library ([Attachment 17](#))
- Carol Barta, North Central Kansas Libraries System ([Attachment 18](#))
- Cheryl Canfield, Hutchinson Public Library ([Attachment 19](#))
- John Opgaard, Topeka & Shawnee County Public Library ([Attachment 20](#))

Hearing on **HB 2581** was closed.

Being no further business, the Committee meeting adjourned at 12:00 noon.