

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 11, 2006 in Room 519-S of the Capitol.

All members were present except:  
Representative Nile Dillmore - excused

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:  
Dr. Art Hall, Kansas University

The Chairman called for bill introductions.

Representative Decker requested that a House Concurrent Resolution be introduced which would provide a constitutional amendment that would freeze property values at the current level only allowing them to increase at the rate of inflation until the property is sold. Representative Goico made the motion to introduce the HCR and Representative Kinzer seconded the motion. The motion carried.

Representative Treaster moved to introduce a Committee bill that would grant Reno county the authority to raise their local sales tax to build a jail. Representative Kirk seconded the motion and the motion carried.

Representative Siegfried made a motion regarding an act relating to property tax exemption for certain commercial and industrial machinery and equipment. Representative Goico seconded the motion. The motion carried.

Representative Siegfried moved to introduce a bill regarding an exemption and partial credit regarding certain digital television and radio equipment. Representative Wilk seconded. The motion carried.

Representative Huff introduced his intern, Heather O'Hara, a student at the University of Kansas.

The Chairman introduced Dr. Art Hall, The Center for Applied Economics, School of Business, University of Kansas.

Dr. Art Hall, presented a report on Local Government and the Kansas Productivity Puzzle (Attachment 1). The productivity puzzle was discovered a year ago, at the Center for Applied Economics. Through the puzzle, it was determined that the state economy of Kansas lagged behind both the nation and the region in terms of productivity growth.

He explained comparable data on the seven Plains states: Kansas, Missouri, Iowa, Nebraska, Minnesota and the Dakotas, in trends of economic growth and labor productivity. He explained why Kansas has low productivity and suggested three important considerations for the Committee's perusal:

- Productivity growth is a process that requires continual trial and error on the part of individual businesses.
- State leaders should focus on creating a policy environment that allows for maximum business experimentation at the least possible cost.
- More investigation is required to determine if the overall policy mix in Kansas deters capital investment and new business starts.

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 11, 2006 in Room 519-S of the Capitol.

He explained several driving forces that attracted businesses to Kansas and an anatomy of the growth of State and Local Government. He responded to Committee questions concerning the best capital investments to be made for Kansas and differences between his data and other reports. Due to the volume of remaining questions from the Committee, the Chairman suggested that Dr. Hall would be invited back for further discussion.

The meeting adjourned at 10:30 A.M. The next meeting is January 12, 2006.

CONTINUATION SHEET

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