

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on March 14, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Representative Lana Gordon
Representative Terrie Huntington
Patty Clark, Department of Commerce
Kevin Wilmont, KU Film School
Dennis Fallon, Independent Film Producer
Trevor McKeeman, NISTAC
Mark Schreiber, Westar
Steve Miller, Sunflower Electric
Duane Simpson, Association of Ethanol Processors
Sue Schulte, Kansas Corn Growers
Brad harrelson, Kansas Farm Bureau
Senator Pat Apple
Philip Cosby, National Coalition for Children & Families

Others attending:

See attached list.

Hearing on **HB 2440**, Enacting the Kansas film production investor tax credit act, was opened.

Representative Lana Gordon gave background information on **HB 2440**. (Attachment 1) Kansas would reap benefits both economically and culturally by expanding the film industry in the state.

Representative Terrie Huntington testified Missouri was contemplating raising its film credits from \$1.5 million to \$10.5 million. (Attachment 2) **HB 2440** would be a start in the right direction to be competitive with other states. It would help expand job opportunities for film workers within the state, and impact those communities where filming occurs by increasing revenues in many areas.

Patty Clark, Department of Commerce, said the goal of combining the tax credits in **HB 2440** would be to attract one or two films with budgets in the \$2 million to \$13 million range. (Attachment 3) The Governor has provided \$2 million in tax credits for FY 2008 for the purpose of enhancing film production opportunities in Kansas. She explained how the credits would be applied, and how the bill would allow Kansas to compete for film production expansion. She proposed language KDOC would like placed in the bill that would require an annual report, and will submit a balloon amendment for the Committee's consideration.

Kevin Wilmont, KU Film School, said three feature films were made in Kansas since 1991. He shared the Film Task Force recommendations, and agreed to provide written testimony.

Dennis Fallon, Independent film producer, said film producers need incentives as they try to raise money and survive in the marketplace. (Attachment 4) He reviewed projects on which he has worked, and said the investor tax credits are very exciting for investors. He would like the opportunity to use the proposed tax credits in his future projects.

During Committee discussion on **HB 2440**, Patty Clark said the current sales tax rebate incentive was not much help. She said the Task Force had discussions on what types of projects it wanted to incentivize. The bill lists the types of projects the bill will not incentivize. DOC will have to be subjective on the projects it allows to qualify for the incentives. The hearing was closed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on March 14, 2007 in Room 519-S of the Capitol.

Hearing on **HB 2405**, incentives for production of energy from renewable resources and use of waste energy from electric generation; sunset of certain tax credits, was opened.

Trevor McKeeman, NISTAC, testified in support of **HB 2405**. (Attachment 5) NISTAC is a partner with the Kansas Bioscience Authority and Sunflower Electric Power Corporation for the Sunflower Integrated Bioenergy Center. Renewable energy technology and good public policy can promote both economic and environmental advancement, two items that are not mutually exclusive.

Mark Schreiber, Westar Energy, provided written testimony in support of **HB 2405**. (Attachment 6) The hearing was closed.

Hearing on **HB 2419**, carbon dioxide reduction act, was opened.

Steve Miller testified Sunflower Electric Power Corporation intends to use CO2 to grow algae at the proposed Integrated Bioenergy Center, not simply sequester it. (Attachment 7) He feels the bill, as currently written, over-regulates the proposed algae growth activity, and he included proposed language to **HB 2419**, which supports Sunflower Electric's position.

Written testimony was received from Duane Simpson, Association of Ethanol Processors, in support of **HB 2419**. (Attachment 8)

Written testimony was received from Tom Day, Kansas Corporation Commission, stating the KCC holds a neutral position on **HB 2419**. (Attachment 9) The hearing was closed.

Hearing on **HB 2476**, incentives for purchase and installation of equipment for blending and storing biofuel, was opened.

Sue Schulte, Kansas Corn Growers, testified in favor of **HB 2476**. (Attachment 10) By helping ensure the availability of all biofuels in Kansas, we are helping to minimize our reliance on foreign oil, while minimizing the cost of such fuels by ensuring they are available in more locations.

Written testimony in favor of **HB 2476** was received from Brad Harrelson, Kansas Farm Bureau (Attachment 11) and Duane Simpson, Association of Ethanol Processors (Attachment 12). The hearing was closed.

Hearing on **SB 291**, excise tax on certain sexually explicit businesses, was opened.

Senator Apple distributed the 2005 Special Committee on Assessment and Taxation report on Excise Tax or Licensure Tax–Sexually Oriented Businesses. (Attachment 13) The Special Committee recommended the introduction of a bill. Gordon Self, Revisor of Statutes, reviewed **SB 291** and explained the constitutional questions it poses. **SB 291** is patterned after a Utah law that is currently being challenged in Utah District Court.

Philip Cosby, National Coalition for the Protection of Children and Families, testified in favor of **SB 291**. (Attachment 14) The sex industry boasts unmatched wealth. For thirty years the courts have consistently upheld the negative effects of the sex industry upon a community. Mr. Cosby reviewed a notebook. A copy of the notebook can be obtained from the National Coalition for the Protection of Children and Families Office. The hearing was closed.

Chairman Allen distributed information the Committee requested from the Department of Commerce incentives Sprint has received through the IMPACT program. (Attachment 15)

Senator Schmidt moved to approve the minutes of the March 7 and March 8 Committee meetings. Senator Donovan seconded the motion, and the motion carried.

Being no further business, the Committee adjourned at 11:40 A.M. The next meeting will be March 15.