

Approved

Date

Stephen R. Cloud 7-15-83

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at  
Chairperson

9:09 a.m./p.m. on February 22, 1983 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Avis Swartzman - Revisor  
Carolyn Rampey - Research Dept.  
Russ Mills - Research Dept.  
Jackie Breymeyer - Secretary

Conferees appearing before the committee:

The meeting of the House Governmental Organization Committee was called to order by Rep. Cloud, Chairman at 9:09 a.m. The minutes of the February 17 meeting were approved.

Subcommittee Report on the Dept. of Revenue

Rep. Hassler prefaced the Subcommittee Report with a few comments and then moved the Committee accept the Subcommittee Report. Rep. Walker gave a second to the motion. The motion carried.

1. Improving identification of businesses required to remit taxes.

The Subcommittee does not believe that this recommendation should be addressed at this time because a post audit review of the Department of Human Resources is currently underway and this recommendation is concerned with unemployment security taxes and workers' compensation taxes administered by that agency rather than the Department of Revenue. If a problem exists, then the future post audit report should identify it as such.

Committee discussion.

Rep. Hassler moved to adopt recommendation number 1. Rep. Walker gave a second to the motion. The motion carried.

2. Amending withholding tax laws.

The Subcommittee believes that SB 35 addresses these concerns.

Committee discussion.

Rep. Hassler moved to adopt recommendation number 2. Rep. Harder gave a second to the motion. The motion carried.

3. Updating sales tax accounts' remittance cycles.

The Subcommittee recommends that the Committee chairman request the Department to provide information next Session about these concerns as the new K-BITS program becomes operational. The Subcommittee believes that K-BITS may address this area adequately.

Rep. Barr stated that she would like to see some kind of Time-In-Motion study done or some one person who could pull the department together.

Rep. Louis commented that he would like to see some kind of minimum cut off for going after delinquencies. After discussion, Rep. Hassler made the motion to include the possibility of increasing the minimum delinquency dollar amount. Rep. Louis gave a second to the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,  
room 522-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 22, 1983.

Chairman Cloud asked Mark Beshears, Director, Division of Taxation, to give a brief summary of the K-BITS program.

K-BITS stands for Kansas Business Integrated Tax System and is the new program the department has implemented to integrate all taxes in one file. Corporate tax, sales tax and withholding tax are now part of this system with individual income tax and motor vehicles to be implemented in the future. The consulting firm of Deloit, Haskins & Sell out of Salt Lake City is the firm that is taking the department from the old Univac system to the new IBM system. The consultants came to them and started with the question, "what do you want?" The second step was to write down everything that the department did want and then to actually get in on the system by data entry processing, cross-checking data and using basic reference points. The cost is a million dollars and Secretary Lennon of the Department of Revenue told the Senate Governmental Organization Committee that there is no cost override and the Department is right on the projected cost. April, 1984 is the projected operational date for K-BITS. The Chairman thanked Mr. Beshears for this information and continued with number 3.

Rep. Hassler moved to adopt recommendation number 3. Rep. Murphy gave a second to the motion. The motion carried.

4. Enforcing filing deadlines.

The Subcommittee concurs with the Department's position in its response to the Post Auditor's concerns.  
Committee discussion.

Rep. Hassler moved to adopt number 4 and number 8. Rep. Matlack gave a second to the motion. The motion carried.

5. Ensuring interest rates in regulations correspond to those given in state law.

The Subcommittee has been informed that the Department has taken such action recommended by the Post Auditor.

Committee discussion.

Rep. Hassler moved to adopt recommendation number 5. Rep. Murphy gave a second to the motion. The motion carried.

6. Enforcing regulations on a more timely basis.

The Subcommittee concurs with the post audit recommendation and believes that the Department is currently enforcing their regulations in a timely manner since the incident described by the Post Auditor occurred some time ago.

Committee discussion.

Rep. Hassler moved that recommendation number 6 be adopted. Rep. Cobb gave a second to the motion. The motion carried.

7. Assessing timely penalties as required by law.

After reviewing K.S.A. 1982 Supp. 79-3228(f) which gives the Director of Taxation discretion in regard to assessing penalties and the timing of the assessment, the Subcommittee does not agree with the Post Auditor's interpretation of the statutory reference cited as requiring a 50 percent penalty.

Committee discussion.

Rep. Hassler moved that recommendation be adopted. Rep. Harder gave a second to the motion. The motion carried.

8. Establishing minimum penalties.

The Subcommittee does not agree with this recommendation even though the

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,  
room 522-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 22, 1983

Department also supported the position. The Subcommittee does not believe the recommendation to be cost-effective in helping the Department to recover administrative costs.

(This recommendation was adopted with recommendation number 4).

9. Dating returns when they are received.

The Subcommittee does not agree with the recommendation since postmarks do not appear to represent a reliable system.

Committee discussion.

Rep. Hassler moved adoption of recommendation number 9. Rep. Murphy gave a second to the motion. The motion carried.

1--15. The Subcommittee believes that a report by the Department to the Committee should be requested for next session since the accelerated tax measures will take effect April 1, 1983, and may cause increased delinquency problems. The Subcommittee does not believe that any action in regard to the Post Auditor's suggestions numbered 10-15 should be taken at this time because the situation has changed and better information may be available next year as the new legislation is implemented.

10. Issuing jeopardy assessments on a timely basis.

11. Using jeopardy assessments more aggressively.

12. Issuing warrants on a timely basis.

13. Ensuring that revocations are enforced.

14. Preparing injunctions on a more timely basis.

15. Initiating procedures in a more timely manner.

16. Strengthening bonding policy and practices.

The Subcommittee does not believe that the recommendation would be cost-effective and would place an undue burden upon small businesses that would have to post a cash bond.

Committee discussion.

Rep. Hassler moved adoption of recommendations 10-15. Rep. Cobb gave a second to the motion. The motion carried.

Rep. Fuller commended the Subcommittee for a fine report.

The Chairman requested that all Subcommittees meet to finalize their reports. The full Committee will meet Thursday. The Agenda will be the Board of Healing Arts Subcommittee Report and the Utilities Division Subcommittee Report.

The meeting was adjourned at 10:23 a.m.

## SUBCOMMITTEE REPORT

### HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION SUBCOMMITTEE ON THE DEPARTMENT OF REVENUE TAXATION AND MOTOR VEHICLE PROGRAMS; DEPARTMENT OF TRANSPORTATION

Page  
Ref.

The Subcommittee reviewed the post audit recommendations relative to the taxation program of the Department of Revenue and the Post Auditor's proposed changes. The following report is submitted to the Committee:

S-5 1. Improving identification of businesses required to remit taxes.

The Subcommittee does not believe that this recommendation should be addressed at this time because a post audit review of the Department of Human Resources is currently underway and this recommendation is concerned with unemployment security taxes and workers' compensation taxes administered by that agency rather than the Department of Revenue. If a problem exists, then the future post audit report should identify it as such.

S-6 2. Amending withholding tax laws.

The Subcommittee believes that S.B. 35 addresses these concerns.

S-6 3. Updating sales tax accounts' remittance cycles.

The Subcommittee recommends that the Committee chairman request the Department to provide information next Session about these concerns as the new K-BITS program becomes operational. The Subcommittee believes that K-BITS may address this area adequately.

S-7 4. Enforcing filing deadlines.

The Subcommittee concurs with the Department's position in its response to the Post Auditor's concerns.

S-8 5. Ensuring interest rates in regulations correspond to those given in state law.

The Subcommittee has been informed that the Department has taken such action recommended by the Post Auditor.

S-8 6. Enforcing regulations on a more timely basis.

The Subcommittee concurs with the post audit recommendation and believes that the Department is currently enforcing their regulations in a timely manner since the incident described by the Post Auditor occurred some time ago.

S-9 7. Assessing timely penalties as required by law.

After reviewing K.S.A. 1982 Supp. 79-3228(f) which gives the Director of Taxation discretion in regard to assessing penalties and the timing of the assessment, the Subcommittee does not agree with the Post Auditor's interpretation of the statutory reference cited as requiring a 50 percent penalty.

S-10 8. Establishing minimum penalties.

The Subcommittee does not agree with this recommendation even though the Department also supported the position. The Subcommittee does not believe the recommendation to be cost-effective in helping the Department to recover administrative costs.

S-10 9. Dating returns when they are received.

The Subcommittee does not agree with the recommendation since postmarks do not appear to represent a reliable system.

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10-15. The Subcommittee believes that a report by the Department to the Committee should be requested for next session since the accelerated tax measures will take effect April 1, 1983, and may cause increased delinquency problems. The Subcommittee does not believe that any action in regard to the Post Auditor's suggestions numbered 10-15 should be taken at this time because the situation has changed and better information may be available next year as the new legislation is implemented.

S-10 10. Issuing jeopardy assessments on a timely basis.

S-11 11. Using jeopardy assessments more aggressively.

S-13 12. Issuing warrants on a timely basis.

S-13 13. Ensuring that revocations are enforced.

S-14 14. Preparing injunctions on a more timely basis.

S-15 15. Initiating procedures in a more timely manner.

S-16 16. Strengthening bonding policy and practices.

The Subcommittee does not believe that the recommendation would be cost-effective and would place an undue burden upon small businesses that would have to post a cash bond.