

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Paul "Bud" Burke at
Chairperson

2:30 am/p.m. on February 28, 1983 in room 522-S of the Capitol.

All members were present ~~except~~:

Committee staff present: Don Hayward, Revisor's Office
Wayne Morris, Research Dept.
Tom Severn, Research Dept.

Conferees appearing before the committee: Tom Sheridan, Dept. of Revenue
Al Alderson, Dept. of Revenue

The committee continued the discussion of SB 386 which deals with the taxation of gains from corporation liquidations. Tom Sheridan of the Dept. of Revenue discussed the distribution of assets rather than cash. He said he was concerned about documentation in order to handle this properly. He said most liquidations are reported and taxes paid, but in the past two months they have had four that were not. He called attention to these points to be considered: 1) equal protection; 2) line 38, definition of stockholder - non-residents are subject to tax; 3) line 40, "such amount" - intent is to have tax paid by the corporation but the bill doesn't really say that; and 4) distribution of assets as opposed to cash.

The chairman asked what language should be developed to make this work and expressed concern as to the fiscal impact on the state since the state won't have the revenue right away. The tax is not due until the installment comes due; now you get all the tax right away and otherwise it is deferred to the length of the payout.

In response to a question as to whether there were reciprocal agreements with other states on non-residents, Al Alderson responded that such agreements do not cover the actual collection. They have had to hire outside counsel in other states to go to court to collect judgment.

The fiscal note for SB 386 would be substantial because around 500 corporations are going out of business in a year and a fair number of these are just trying to avoid taxes. Al Alderson suggested amending lines 38 and 40 if working the bill. He said clarifying changes are needed and will get the figures from the Department and take a look at those and some amendments and get back with Mr. Wurth to see if we can find some language that might fit.

The committee turned to SB 382 which deals with the collection of the state retailers' sales tax and considered a proposed amendment. Senator Johnston moved and Senator Mulich seconded a motion to adopt an amendment to SB 382 in line 28, by striking "registered"; in line 30, by striking "registered"; also, in line 30, after the period by inserting "the provisions of this section shall be deemed to be supplemental to the Kansas retailers' sales tax act." The motion carried. Senator Johnston moved and Senator Mulich seconded a motion to recommend SB 382 as amended favorable for passage. The motion passed.

The committee considered SB 383 which pertains to the enforcement of income tax return filing requirements, and a proposed amendment was presented. Al Alderson suggested the language, "unless the court finds the failure to file a proper return was reasonable, in which case the attorney fees shall be charged against the Department of Revenue."

Senator Angell moved that on line 25, SB 383, insert the word "unreasonably" between "has" and "failed". Senator Kerr seconded the motion and the motion passed.

Senator Angell moved and Senator Thiessen seconded a motion to amend SB 383 in line 28, after the period by inserting "in the event the court finds that the taxpayer's failure to file was reasonable, the costs shall be assessed against the Department of Revenue". The motion passed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,
room 522S, Statehouse, at 2:30 -a.m./p.m. on February 28, 1983.

Senator Johnston moved and Senator Mulich seconded a motion to recommend SB 383 as amended favorable for passage. The motion carried.

Proposed amendments to SB 384 were presented to the committee. (Attachment #1)

Senator Angell made a conceptual motion to adopt the proposed amendments to SB 384. Senator Hayden seconded the motion and the motion passed.

Senator Angell moved and Senator Hayden seconded a motion to report SB 384 as amended favorably for passage. The motion passed.

The chairman adjourned the committee at 3:30 p.m. The committee will meet at 11 a.m. on March 1 in Room 526-S.

2:30 p.m.
522 South

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
Feb. 28	ARAN ANDERSON	TOPICKA	REVENUE
	Tom Skindan	"	"
	Harvey Sorenson	Wichita	SELF
	Clemente	Wichita	M.S. America
	Tim Hageman	LAKIN	L.P.G.
	WALTER DUNN	TOPICKA	EKOGA
	ROSS MARTIN	TOPICKA	KPC
	Dunham	Wagon	Mobil
	Lowell Case	DENVER	MOBILE
	Chip Wheelan	TOPICKA	Leg. Policy Group
	Bill Eads	"	REVENUE
	John Mott	TOPICKA	K.A.A.
	Gerald Wiley	TOPICKA	K.A.W.G.
	Ann Kramer	"	KPC

Proposed amendment to SB 384

On page 3, by striking all in lines 91 to 94, inclusive; in line 102, after the period by inserting "Nothing in this section shall be construed to prohibit the disclosure of the taxpayer's name, social security number, last known address and total tax liability, including penalty and interest, from inheritance tax returns to a debt collection agency contracting with the secretary of revenue pursuant to sections 1 to 4, inclusive.";

On page 5, by striking all in lines 162 to 165, inclusive; in line 173, after the period by inserting "Nothing in this section shall be construed to prohibit the disclosure of the taxpayer's name, social security number, last known address and total tax liability, including penalty and interest, from income tax returns to a debt collection agency contracting with the secretary of revenue pursuant to sections 1 to 4, inclusive.";

On page 6, in line 208, by striking "information" and inserting "the taxpayer's name, social security number, last known address and total tax liability, including penalty and interest,"; in line 211, after the period by inserting "It shall be unlawful for any debt collection agency, or agent or employee thereof, to utilize or divulge any such information other than for the purposes specifically authorized in the contract between the agency and the secretary of revenue, and any violation shall be a class B misdemeanor."

ALch.1