

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at  
Chairperson

9:00 a.m./~~P.M.~~ on February 17, 1984 in room 519S of the Capitol.

All members were present except: Representatives Crowell and Spaniol who were excused.

Committee staff present:

Tom Severn, Legislative Research Department  
Wayne Morris, Legislative Research Department  
Don Hayward, Revisor of Statutes' Office  
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

The committee discussed House Bill 2973 which relates to the situs for sales tax purposes for cable television service.

Representative Frey made a conceptual motion to amend House Bill 2973 to conform to the language of K.S.A. 79-3603k. Representative Rolfs seconded the motion. The motion carried.

Representative Frey made a motion that House Bill 2973 be reported favorable for passage as amended. Representative Leach seconded the motion. The motion failed, 7-8.

Representative Miller made a motion that House Bill 2973 be reported adversely and Representative Wagnon seconded the motion.

Representative Ott made a substitute motion that House Bill 2973 be tabled. Representative Vancrum seconded the motion. The motion carried.

The Chairman distributed copies of a proposed committee bill (Exhibit I) and requested the committee review it as a possibility for introduction as a committee bill. This draft is identical to a bill that passed out of the House Assessment and Taxation Committee last year and relates to the taxation of sample packages of cigarettes.

Representative Roe made a motion that the committee introduce a committee bill in accordance with the attached draft (Exhibit I). Representative Aylward seconded the motion. The motion carried.

Bill Edds, Department of Revenue, presented information to the committee to request two committee bills. The first would amend the transient guest tax, retail liquor excise tax and compensating use tax laws to make the penalty and interest provisions conform to those for sales tax. In the interest of administrative efficiency, and to avoid confusion in the cases of taxpayers who file and remit more than one of the taxes, the Department would propose this as a conformity measure.

Representative Bob Wunsch made a motion that a committee bill be introduced that would encompass the request of the Department. Representative Lowther seconded the motion. The motion carried.

Mr. Edds also requested the committee introduce a committee bill that the Department feels is needed as several of the excise taxes administered by the Department have confidentiality provisions prohibiting disclosure of information obtained by the Department from returns, reports, investigations, etc. On the other hand, there are some excise taxes that don't have these confidentiality provisions. The Department would request a general statute be adopted that cloaks the remainder of this information with confidentiality.

Representative Frey made a motion that a bill be introduced to provide a statute to cloak the reports not currently covered by statute with confidentiality. Representative Reardon seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 510S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 17, 1984

The Chairman had previously requested that Bill Edds, Department of Revenue, and T. C. Anderson, Kansas Society of Certified Public Accountants, work together to draft legislation to bring the state into conformity with the federal laws governing the filing of Form 1099. Mr. Edds presented a balloon draft of House Bill 2850 which would accomplish this conformity. Mr. Edds stated that two minor additions to the amendments would need to be added to make the language gramatically correct. (Attachment II)

Representative Vancrum made a motion that House Bill 2850 be amended by the contents of the balloon draft reflecting the two gramatical changes on Attachment II. Representative Erne seconded the motion. The motion carried.

Representative Erne made a motion that House Bill 2850 be reported favorable for passage as amended and Representative Vancrum seconded the motion. The motion carried.

The meeting was adjourned.

## HOUSE BILL NO. \_\_\_\_\_

By Committee on Assessment and Taxation

AN ACT relating to the taxation of cigarettes; concerning sample packages of cigarettes; amending K.S.A. 79-3302 and 79-3313 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 79-3302 is hereby amended to read as follows: 79-3302. It is the purpose and intent of this act to levy a tax on cigarettes sold, distributed, conveyed or given away in this state, and to collect same such tax from the wholesale or retail cigarette dealer, who first sells, distributes or conveys same the cigarettes in the state of Kansas. It is further the intent and purpose of this act that where a wholesale dealer or manufacturer's salesman authorized representative gives away cigarettes for advertising or for any other purpose whatever, the same cigarettes shall be taxed in the same manner as if they were sold in this state, and that said such tax shall be paid in the manner prescribed by rules and regulations of the secretary of revenue.

Sec. 2. K.S.A. 79-3313 is hereby amended to read as follows: 79-3313. All cigarettes sold in this state shall be ~~put--up~~ in packages, and each of said the packages shall bear evidence of payment of the tax thereon: ~~Provided,~~ except that any railroad or sleeping car company licensed as a retailer is hereby authorized to sell cigarettes upon its cars without affixing stamps to the packages of same cigarettes provided that monthly reports and payment of the tax due ~~shall-be~~ is made directly to the director in the manner and under the terms provided for by ~~him-or-her:~~ Provided-further, ~~That~~ the director. In addition, manufacturers are hereby authorized to ~~give~~ distribute in the state, through their authorized representatives or wholesale

dealers, free sample packages of cigarettes ~~containing not more than five-(5)-cigarettes~~ containing less than 20 cigarettes without affixing stamps to ~~said~~ the packages provided that monthly reports and payment of a tax at the same rates prescribed by law are made directly to the director. No wholesale dealer or manufacturers' ~~salesmen~~ authorized representatives shall sell or distribute cigarettes, except free sample packages, to any person in the state of Kansas not holding a dealer's license as provided in this act. Such packages of ~~five-(5)~~ sample cigarettes ~~or less~~ shall bear the word "sample" or "not for sale" and "state tax paid" in letters easily read.

Whenever the director shall have reason to believe that any manufacturer has violated the provisions of this section or the conditions provided by the director, ~~said~~ the director shall conduct a hearing thereon in the office of the director at Topeka, after having given five (5) days' notice thereof to the manufacturer to be affected thereby. If upon the basis of such hearing it shall appear to the satisfaction of ~~said~~ the director that such manufacturer has violated any of the provisions of this section or the conditions provided by the director, ~~said~~ the director is hereby authorized to suspend or revoke the authorization to the manufacturer for such period as ~~he-or-she~~ the director shall deem fit but in no case for more than one year.

Sec. 3. K.S.A. 79-3302 and 79-3313 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

# HOUSE BILL No. 2850

By Committee on Assessment and Taxation

2-3

0017 AN ACT relating to income taxation; concerning certain report-  
0018 ing requirements; amending K.S.A. 79-3222 and repealing the  
0019 existing section.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 79-3222 is hereby amended to read as fol-  
0022 lows: 79-3222. Every individual, partnership, corporation, joint  
0023 stock company or association, ~~whether or not exempt from in-~~  
0024 ~~come taxation under this act, being, which is a resident or having~~

or any other entity which does

0025 ~~has a place of business in this state, acting in whatever capacity~~  
0026 ~~acting, including lessees or mortgagors of real or personal prop-~~  
0027 ~~erty, fiduciaries, employers and all officers and employees of the~~

0028 ~~state or of any political subdivision of the state, having the which~~  
0029 ~~has control, receipt, custody, disposal or payment, in the course~~  
0030 ~~of his, her or its trade or business, of interest (, other than interest~~  
0031 ~~coupons payable to bearer), rent, salaries, wages, premiums,~~  
0032 ~~annuities, compensations, remunerations, emoluments or other~~

0033 ~~fixed or determinable annual or periodical gains, profits, and~~  
0034 ~~income paid or payable during any year to any resident person,~~  
0035 ~~partnership corporation, joint stock company, association, estate~~  
0036 ~~or trust, or to any person, partnership, corporation, joint stock~~  
0037 ~~company, association, estate or trust which receives or to which~~

0038 ~~is payable any such income, if the same is subject to taxation~~  
0039 ~~under the Kansas income tax act, of \$600 or more, shall make~~  
0040 ~~return thereof under oath to the director of taxation in such form~~  
0041 ~~and manner and to such extent as may be prescribed by such~~

*which*  
makes payments of income to any residents of this state or other persons and entities subject to taxation *which* under the Kansas income tax act, and is required to file an information return with respect to such payment with the internal revenue service, shall file a copy of such information return with the director of taxation at or before the time such return is required to be filed with the internal revenue service

0042 ~~director under rules and regulations of the secretary of revenue.~~  
0043 Unless such income is so reported, the director may disallow the  
0044 payments as deductions or credits in computing the tax of the

0045 payer or impose a penalty of ~~not to exceed \$500.~~

\$50 for each such failure

EXHIBIT II

Ex. II 2/17/84