

Approved On: _____

Minutes of the House Committee on Assessment and Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on February 7, 1985 in room 519 South at the Capitol of the State of Kansas.

All members of the Committee were present.

Committee staff present:

Tom Severn, Legislative Research
Melinda Hanson, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

Representative Fox moved, second by Representative Aylward, that HB-2096, an act concerning property taxation, relating to the collection of delinquent taxes on oil and gas property, be reported favorably. The motion carried.

Mr. Bill Edds explained HB-2151, Collection of Consumer Compensating Use Tax, and answered several questions concerning it.

Mr. Edds also explained HB-2152, which covers proof of payment of personal taxes, and answered questions concerning it.

Mr. Harley Duncan presented information on HB-2196, which amends the dates upon which a locally enacted sales tax or sales tax rate increase may become effective. He explained why adoption of this bill would solve several problems and said that the Department of Revenue supports enactment of the bill. Atch. 1

Mr. Chris McKenzie said that he felt the League of Municipalities would endorse the bill. The Chairman appointed a subcommittee to study property tax proposals and specifically SB-31. The members are Representatives Wunsch, Wagnon, Schmidt, Spaniol, and K. Ott.

The minutes of February 6, 1985 were reviewed. There being no changes, they were approved as presented.

There being no further business, the meeting was adjourned.

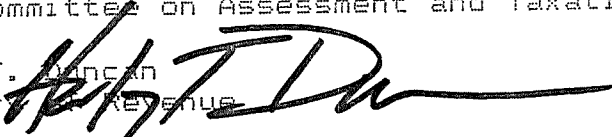


E. C. Rolfs

February 6, 1985

MEMORANDUM

TO: The Honorable Ed C. Rolfs, Chairman
House Committee on Assessment and Taxation

FROM: Harley T. Duncan
Secretary of Revenue 

RE: HB 2196

Thank you for the opportunity to appear before you on HB 2196 amending the dates upon which a locally enacted sales tax or sales tax rate increase may become effective. The Department of Revenue supports enactment of HB 2196.

Under current law, a local sales tax may become effective on the first day of the month next following the 60th day after the election authorizing the levy of the tax. The effect of this is to cause many local taxes (or increases in tax rates) to become effective in the middle of a calendar quarter. For example, those approved at November elections become effective on February 1, and those ratified in August are effective on November 1.

When local taxes become effective in the middle of the calendar quarter, however, problems are created for both taxpayers and the Department. Those taxpayers on a quarterly remittance cycle often fail to record and calculate their liability correctly because of the two different local tax rates. As a result, adjustments and corrections must be made, and the retailer is often required to remit additional tax. In addition, the Department's processing and edit systems are set such that gross local sales and gross state sales must be equal. (This feature was incorporated into our system to provide an audit tool to protect local revenues.) Therefore, when a tax becomes effective in the middle of a calendar quarter, all quarterly returns from the affected jurisdiction must be manually adjusted for processing. The effect of both taxpayer errors and the cumbersome processing is to slow the eventual repayment of the tax to the local governmental unit.

HB 2196 amends K.S.A. 12-191 to provide that any local tax (or tax rate increase) approved at a city primary or general election or at a county primary or general election would become effective on the first day of the calendar quarter next following the 30th day after the authorizing election. Taxes (or rate increases) approved at any other election would commence on the first day of the calendar quarter next following the 60th day after the authorizing election.

The result of HB 2196 is to provide that all local sales taxes (or rate increases) will begin on the first day of the calendar quarter. It will also mean that local taxes approved at the August primary and November general elections will become effective 30 days earlier than they would under current law. The Department feels that it can accomplish its required preparatory tasks within this timeframe. Taxes approved at the April elections will become effective in July as they would under current law. Taxes approved at other special elections can be timed such that they meet the requirements of this bill and become effective at the same point they would under current law.

Schedule of Effective Dates

Election Date	Current Law	Proposed Law
April	July 1	July 1
August	November 1	October 1
November	February 1	January 1

I hope this information is helpful. I would be glad to answer any questions.