

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m./~~pm~~ on Thursday, January 31, 1985 in room 526-S of the Capitol.

All members were present ~~except~~

Committee staff present:

Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Anne Murphy, Statute of Liberty Ellis Island Foundation
Bill Edds, Department of Revenue
T. C. Anderson, Kansas Society of Certified Public Accountants

Senator Thiessen moved that the minutes of the January 30, 1985 meeting be approved. Senator Karr seconded the motion, and the motion carried.

Chairman Kerr reminded the Committee that voting to introduce a bill does not indicate support for that bill, but rather approval that the bill be introduced for hearing purposes.

Anne Murphy said her organization is requesting state legislatures to introduce a bill providing for a one-time check-off contribution to the renovation of the Statute of Liberty on the 1985 state income tax form. She said possibly the Department of Economic Development could be responsible for collecting and distributing the funds. Ms. Murphy said all states will be asked to contribute and bills are currently pending in Louisiana and New Mexico. Senator Montgomery asked Department of Revenue personnel how much the Kansas Fish and Game Commission collected from their check-off this year. The response was \$120,000. Senator Burke moved that the Committee introduce such a bill. Senator Thiessen seconded the motion, and the motion carried.

S.B. 95 - Withholding tax reconciliation return filing date

Bill Edds explained that the bill provides that the filing date for the annual withholding reconciliation return be changed to the last day of February so that it corresponds with the deadline for filing employees' W-2's. Chairman Kerr noted that the fiscal note on the bill indicates the effect of S.B. 95 would be negligible. Senator Karr moved that the bill be reported favorably for passage. Senator Mulich seconded the motion, and the motion carried.

S.B. 96 - Interest on income tax refunds resulting from loss carrybacks

Bill Edds estimated that there would be a savings of about 1.2 million dollars yearly for the state under this bill. There were some 3,300 net operating loss returns filed last year, mainly by various types of corporations. Mr. Edds explained that if a corporation has a net operating loss, it can carry that back three years. If the amount of the loss exceeds the amount paid during those three previous years, the remaining portion can be carried over to future years. The current law can result in the state paying interest even before a request for a refund is filed. This bill would change the present law and provide that the interest would be calculated from the date the return is filed rather than the first day following the loss year. Kansas allows a four-year period within which to file.

T. C. Anderson said that his organization is in agreement that since the federal government has made the change, he feel S.B. 96 would provide conformity at the state level.

The Committee discussed the fact that Kansas formerly paid interest at the same rate as interest is charged (currently 12% and 18%, respectively), and whether there is justification for the discrepancy. Chairman Kerr said that if it is

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the desire of the Committee to look at this matter, he would prefer a separate bill be introduced which could be amended into S.B. 96 when the Committee takes action.

Senator Burke made a motion that the Committee introduce a bill amending K.S.A. 79-2968 to provide for a rate of 15% for both penalties and interest. Senator Thiessen seconded the motion, and the motion carried.

Meeting adjourned.

