

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. ~~xxx~~ on Thursday, February 7, 1986 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:

Gary Smith, Kansas Appraisers Association  
Senator Jeanne Hoferer  
Ralph Turner, Warm Hearts, Lawrence  
Rev. Jimmy Cobb, Warm Hearts, Lawrence  
Trevia Potter, Peoples Natural Gas  
George Dugger, Department on Aging  
Rick Kready, Kansas Power and Light and Gas Service Companies  
Bill Edds, Department of Revenue  
Tom Severn, Research Department

Gary Smith appeared to request that the Committee introduce a bill or bills described in Attachment 1. Senator Allen moved that the Committee introduce the bill (or bills) as requested. Senator Mulich seconded the motion, and the motion carried, with Senator Frey voting "no".

S.B. 50 - Income tax credit for low income energy relief contributions

Senator Jeanne Hoferer explained that the bill provides that people making a monetary contribution to any program that provides utility relief will be entitled to a tax credit not to exceed \$50.

Ralph Turner testified that his organization raised \$80,000 last year for utility cost relief through a totally voluntary program. He described the eligibility requirements to receive assistance. He reiterated Senator Hayden's comment that LIEAP (Low Income Energy Assistance Program) funds will be phased out when the Windfall Profits Tax expires. Answering a question from Senator Salisbury, Mr. Turner said that the city of Lawrence provides \$5,000 to cover administrative costs and that no contributions are spent on administration.

Rev. Jimmy Cobb spoke in support of the bill. He pointed out that tax credits provide more motivation than tax deductions. He talked about the problems of "under-employed" as well as the unemployed.

Trevia Potter read her written testimony (Attachment 2) in support of the bill.

George Dugger read his testimony supporting the bill (Attachment 3). Answering a question from Chairman Kerr, Mr. Dugger said that a state-administered relief program would be better controlled and more straight-forward than a tax credit program. Senator Frey asked Mr. Dugger to advise the Committee on the Governor's position on the bill.

Rick Kready testified in support of S.B. 50.

Bill Edds mentioned a couple of possible problems with the bill. He explained that taxpayers could actually profit because the donation would also be a charitable deduction on federal taxes. Mr. Edds also pointed out that the bill contains no provisions for joint returns. He said the costs for the Department to administer the program would be somewhere in the neighborhood of \$20,000.

Senator Burke moved that the minutes of the February 6, 1985 meeting be approved. Senator Mulich seconded the motion, and the motion carried.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

Minutes of the Tax Committee on February 7, 1985

Tom Severn provided a copy of Taxable Income Stat Report (Attachment 4). He estimated that in 1982 there were approximately 772,000 returns with a tax liability of at least \$50. Allowing for adding back in the contribution deductions, and assuming everybody who had a tax liability of \$50 or more claimed the tax credit, approximately 38 million dollars would be generated.

Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS  
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2/7	Jimmy Cobb	2831 Maine Ct	Lawrence Wain Head
2/7	Ralph Jensen	5308 Windsor Pl	Lawrence Wain Head
"	Paul Johnson	Topeka	KCCF
"	TREVA POTTER	TOPEKA	NORTHERN NAT. GAS
	Ruth Wilkin	"	A AUP - 82
	George A. Digger	"	Ks. Dept. on Aging
	DAN MCGEE	GREAT BEND	CENTEL
	Audrey Langworthy	P.V.	self
	Randy Burleson	Columbus, Ks	Empire District Electric
	D. WAYNE ZIMMERMAN	TOPEKA	THE ELECTRIC CO'S ASSOC. OF KS
	RON CALBERT	NEWTON	U.J.U.
	Leroy Jones	Overland Park	B. L. E.
	JERRY (CORRECTION)	TOPEKA	KGE
	DEVIN ROBERTS	TOPEKA	KPL / GSC
	Richard D. Kready	"	" "
	JANET STUBBS	"	HBAK
	LINDA TERRILL, ATTY	TOPEKA	BOTA
	Gary M. Smith	Topeka	Appraiser
	Bill Foss	"	REVENUE
	Kareed Hoop	"	KCP

**79-1422.** Penalty for late filing of or failure to file statement listing property; abatement of penalty. (a) Any person required to file a statement listing property for assessment and taxation purposes under the provisions of this act who fails to make and file such statement ~~on or before the date~~ or files an inaccurate listing prescribed by K.S.A. 79-306, and amendments thereto, shall be subject to a penalty as follows:

(1) If the statement is filed within 15 days following the date prescribed by K.S.A. 79-306, and amendments thereto, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 10% thereto as a penalty for late filing.

(2) If the statement is filed more than 15 but not more than 30 days following the date prescribed by K.S.A. 79-306, and amendments thereto, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 20% thereto as a penalty for late filing.

(3) If the statement is filed more than 30 but not more than 45 days following the date prescribed by K.S.A. 79-306, and amendments thereto, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 30% thereto as a penalty for late filing.

(4) If the statement is filed more than 45 days but not more than 60 days following the date prescribed by K.S.A. 79-306, and amendments thereto, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 40% thereto as a penalty for late filing.

(5) ~~If the statement is filed more than 60 days following the date prescribed by K.S.A. 79-306, and amendments thereto, the appraiser shall, after having ascertained the assessed value of the property of such taxpayer, add 50% thereto as a penalty for late filing.~~ but less than one year

For good cause shown the appraiser may extend the time in which to make and file such statement. Such request for extension of time must be in writing and shall state just and adequate reasons on which the request may be granted. The request must be received by the appraiser prior to the due date of the statement.

(b) ~~Whenever any person shall fail to make and file the statement listing property for assessment and taxation purposes, the appraiser shall proceed to ascertain the assessed value of the property of such taxpayer, and for this purpose the appraiser may examine under oath any person or persons whom the appraiser deems to have knowledge thereof. The appraiser shall, after having ascertained the assessed value of such property, add 50% thereto as a penalty for failure to file such statement.~~

If within the time period indicated in section (5), any person shall fail to make and file the statement listing property for assessment and taxation purposes, or if the Appraiser shall discover property which was not listed or incorrectly listed so as to be undervalued,

(c) The board of tax appeals shall have the authority to abate any penalty imposed under the provisions of this section and order the refund of the abated penalty, whenever excusable neglect on the part of the person required to make and file the statement listing property for assessment and taxation purposes is shown.

History: L. 1907, ch. 408, § 29; R.S. 1923, 79-1422; L. 1965, ch. 511, § 11; L. 1968, ch. 95, § 3; L. 1972, ch. 355, § 2; L. 1980, ch. 311, § 1; L. 1981, ch. 378, § 1; July 1.

Source or prior law: L. 1866, ch. 118, § 39; G.S. 1868, ch. 107, § 57; L. 1876, ch. 34, § 61.

**CASE ANNOTATIONS**

- 1. Cited; assessment of gas leaseholds. Mobil Oil Corporation v. McHenry, 200 K. 211, 224, 436 P.2d 982.
- 2. Imposition of penalty for voluntarily filing list more than 45 days late not authorized. National Cooperative Refinery Ass'n v. Board of McPherson County Comm'rs, 228 K. 595, 599, 618 P.2d 1176.

**79-1461.** Investigation of property when no statement filed; listing by appraiser and notice to taxpayer; assistance of county attorney. If any person refuses or fails to complete and deliver to the county appraiser a form of such person's property as required by law, or if the county appraiser shall be of the opinion that any form filed is not adequate or does not truly represent the property to be appraised, the county appraiser shall investigate, identify, list and value such property.

The county appraiser shall list such property in the name of the owner and within five days of ascertaining the fair market value of such property shall provide a notice of such listing and value to the owner.

The appraiser may request the county or district attorney or county counselor to subpoena and examine under oath any person or persons, records or documents that it is reasonable to believe would be useful in identifying and determining the value of the property located within the county.

History: L. 1982, ch. 391, § 8; July 1.

**79-1467.** Transmission of completed personal property appraisals to county clerk; when and contents. Commencing on January 1 of each year, the county appraiser shall transmit the taxable personal property appraisals to the county clerk continually upon the completion thereof. Upon completion of transmission of such appraisals to the county clerk, on or before the last business day of April each year, the county appraiser shall deliver a document certifying that such appraisals constitute the complete appraisal rolls for personal property.

The taxable personal property roll shall consist of all personal property forms rendered by taxpayers to the county appraiser and any other records prepared by the county appraiser for the listing and appraisal of taxable personal property located within the county.

The exempt personal property roll shall include all personal property that is exempt from ad valorem taxation except those specific types of property set forth in K.S.A. 79-201c. The exempt personal property roll shall consist of all exempt personal property forms rendered by taxpayers to the county appraiser and other records prepared by the county appraiser for the listing and appraisal of all exempt personal property within the county.

History: L. 1982, ch. 391, § 14; July 1.

but not those personal property forms under investigation by the Appraiser under 79-1461

except any additions or changes prescribed by other statutes in this act.

TESTIMONY ON SB 50  
TO THE SENATE ASSESSMENT AND TAXATION COMMITTEE

FEBRUARY 7, 1985

TREVA POTTER

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I'M TREVA POTTER OF NORTHERN NATURAL GAS COMPANY, A SUBSIDIARY OF INTERNORTH, INC. I'M HERE TODAY ON BEHALF OF PEOPLES NATURAL GAS, ANOTHER SUBSIDIARY OF INTERNORTH, TO SPEAK IN FAVOR OF SB 50.

PEOPLES NATURAL GAS SERVES APPROXIMATELY 30,000 CUSTOMERS IN KANSAS.

PEOPLES NATURAL GAS RECOGNIZES THERE IS A PROBLEM FOR THOSE WHO TRULY CANNOT PAY THEIR UTILITY BILLS, BUT THEY FEEL THIS IS A PROBLEM THAT SHOULD BE ADDRESSED BY THE STATE OF KANSAS AND NOT BY A UTILITIES OTHER RATE PAYERS. THEREFORE, THEY SUPPORT SB 50.

TESTIMONY ON S.B. 50  
TO SENATE COMMITTEE ON ASSESSMENT AND TAXATION  
BY KANSAS DEPARTMENT ON AGING  
FEBRUARY 7, 1985

Bill Summary:

Provides a tax credit for contributions to utility cost relief programs.

Bill Provisions:

1. Allows resident individual taxpayers a dollar for dollar tax credit up to \$50.00 for monetary contributions to programs or organizations which provide utility cost relief to LIEAP eligibles.
2. Establishes the credit as a non-refundable credit, i.e. the credit can not exceed the tax liability.
3. Becomes effective for all tax years starting after December 31, 1984.

Bill Testimony:

The Kansas Department on Aging supports S.B. 50 as one way to provide additional relief from the burden of high utility costs experienced by many low income Kansans. Current energy assistance efforts are predominantly funded by the federal government with some ad hoc efforts being made at the local level. No state funds supplement either the federal or the local effort.

Utility costs are the preeminent concern of the elderly. KDOA surveys have shown, for three years in a row, that utility costs are the number one problem for Older Kansans. The burden of utility price increases is not borne equally. Low-income households spend almost four times as much of their income on home energy costs as do median income households. This is true even though low-income households are typically low home energy users. The elderly are particularly burdened as they tend to live in older homes with minimal energy saving features and, as they are susceptible to extremes in temperature, they can not keep their homes as cool in the winter and as warm in the summer as the average person. Hypothermia, which is a condition of abnormally low body temperature, is estimated to be the sixth leading cause of death among the elderly.

The elderly's concern about utility costs persists despite the fact that they are active participants in existing energy assistance programs. Elderly households comprise over 40% of the participants in both the LIEAP and the low-income weatherization programs. A state tax credit which increases energy assistance programs resources can help alleviate this concern through the provision of tangible benefits.

As the great majority of existing utility cost relief expenditures goes toward payment of utility bills, KDOA would have no objection if S.B. 50 were amended to encourage contributions to weatherization programs. Weatherization results in long-term benefits and creates a substantial number of jobs.

Attachment 4

JOINT RETURNS	RETURN COUNT	TAXABLE INCOME
NU TAX	53,907	\$,00
.01 - 4,000	54,843	\$2,015,847,552.52
4,000.01 - 6,000	34,662	\$915,839,632.00
6,000.01 - 10,000	88,980	\$1,589,496,782.00
10,000.01 - 14,000	96,343	\$1,214,001,133.00
14,000.01 - 17,500	82,141	\$744,887,419.00
17,500.01 - 20,000	47,428	\$370,290,865.00
20,000.01 - 25,000	61,936	\$454,413,960.00
25,000.01 - 30,000	27,436	\$239,139,306.00
30,000.01 - 35,000	12,758	\$143,675,418.00
35,000.01 - 40,000	6,495	\$98,241,750.00
40,000.01 - 45,000	3,959	\$72,741,150.00
45,000.01 - 50,000	2,643	\$56,427,100.00
50,000.01 - 60,000	3,174	\$82,867,269.00
60,000.01 - 75,000	2,417	\$82,992,127.00
75,000.01 - 100,000	1,778	\$86,251,694.00
100,000.01 - 200,000	1,798	\$151,338,250.00
200,000.01 - 300,000	403	\$66,445,492.00
300,000.01 - 500,000	237	\$68,528,547.00
500,000.01 - 750,000	102	\$49,177,016.00
750,000.01 - 1,000,000	47	\$31,588,215.00
1,000,000.01 - 2,500,000	67	\$98,017,963.00
2,500,000.01 - 5,000,000	31	\$51,879,139.00
5,000,000.01 - 10,000,000	4	\$23,400,577.00
10,000,000.01 AND OVER	4	\$14,550,865.00
<b>SUB-TOTAL</b>	<b>583,593</b>	<b>\$8,722,039,221.52</b>

ATTACHMENT 4

INDIVIDUAL INCOME TAX RETURNS-TAXABLE INCOME TOTALS AND RETURN COUNT

DATE--02/01/84

SINGLE RETURNS		RETURN COUNT	TAXABLE INCOME
	NO TAX		
	.01 - 2,000	98,573	\$,00
	2,000.01 - 3,000	77,344	\$670,414,204.00
	3,000.01 - 5,000	32,297	\$280,697,014.00
	5,000.01 - 7,000	56,506	\$472,004,552.00
	7,000.01 - 10,000	52,529	\$364,446,012.00
	10,000.01 - 12,500	66,368	\$359,248,183.00
	12,500.01 - 15,000	33,214	\$179,251,148.00
	15,000.01 - 17,500	21,135	\$113,206,075.00
	17,500.01 - 20,000	13,735	\$69,068,706.00
	20,000.01 - 25,000	7,552	\$42,893,311.00
	25,000.01 - 30,000	6,670	\$49,391,986.00
	30,000.01 - 35,000	2,690	\$28,112,119.00
	35,000.01 - 40,000	1,369	\$18,441,350.00
	40,000.01 - 45,000	764	\$13,293,252.00
	45,000.01 - 50,000	496	\$10,215,769.00
	50,000.01 - 60,000	324	\$8,195,291.00
	60,000.01 - 75,000	407	\$12,669,242.00
	75,000.01 - 100,000	331	\$13,489,318.00
	100,000.01 - 200,000	239	\$15,479,094.00
	200,000.01 - 300,000	320	\$30,948,662.00
	300,000.01 - 500,000	83	\$14,168,294.00
	500,000.01 - 750,000	51	\$14,651,672.00
	750,000.01 - 1,000,000	21	\$11,113,122.00
	1,000,000.01 - 2,500,000	7	\$7,344,381.00
	2,500,000.01 - 5,000,000	18	\$24,911,995.00
	5,000,000.01 - 10,000,000	7	\$10,047,042.00
	10,000,000.01 AND OVER	2	\$581,276.00
		0	\$,00
SUB-TOTAL		472,852	\$2,834,283,070.00
GRAND TOTAL		1,056,445	\$11,556,322,291.52