

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 Monday, March 4, 1985 in room 519-S of the Capitol.

All members were present ~~xxxxx~~:

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
Brian Moline, Topeka
Bill Edds, Department of Revenue
Senator Nancy Parrish
Jim Weisgaber, Department of Revenue

Senator Burke moved that the minutes of the February 28, 1985 meeting be approved. Senator Allen seconded the motion, and the motion carried.

S.B. 186 - Income tax checkoff for Statute of Liberty - Ellis Island restoration

Anne Murphy testified in favor of S.B. 186. She explained that the Foundation is requesting a one-time checkoff on the 1985 income tax form for the renovation of the Statute of Liberty. The costs for administering the program would be deducted from the funds collected.

Brian Moline testified in favor of the bill on his own behalf, and not as a representative of the Kansas Corporation Commission. He talked about the symbolic value of the Statute of Liberty and his own experience of immigrating to the United States.

Bill Edds told the Committee that S.B. 186 could be administered like the current checkoff program for wildlife. He mentioned the Department's concern about available space on the return to add a new program.

Senator Salisbury asked Ms. Murphy whether a checkoff on the federal form has been proposed. Ms. Murphy answered that the bill had never been passed out of committee. Senator Allen asked about how much money is generated for the wildlife checkoff. Mr. Edds said that in 1984, 1,900 returns designated a total of \$134,000 to the fund, for an average of \$7.08 per designation.

S.B. 233 - Recapture of inheritance tax on special used valued property

Senator Nancy Parrish explained that the bill concerns valuation of farms and closely held businesses for inheritance tax purposes. KS.A. 79-1545 provides for a use value approach for assessment and 79-1545b provides for a different method of valuing land by using a table. She said the 79-1545b has a recapture if the use of the land is changed, but that 79-1545 does not have a recapture provision. The Department of Revenue has administered 79-1545 as if it did have a recapture clause. The problem arises because the Internal Revenue Service will not allow the credit for the state income tax recapture provision since they maintain there is no such provision for 79-1545. Senator Parrish distributed an amendment (Attachment 1) which would clarify the language in S.B. 233.

Jim Weisgaber said that the bill would provide that the status quo is maintained. He expressed concern about possible lawsuits if the matter is not resolved.

Senator Burke moved that the amendment be adopted (Attachment 1). Senator Allen seconded the motion, and the motion carried. Senator Parrish moved that

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m. ~~XXXX~~ on March 4, 1985

the bill, as amended, be recommended favorably for passage. Senator Burke seconded the motion, and the motion carried.

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

Senator Thiessen moved that the bill be amended to provide that the interest on delinquent taxes be 15% for counties and 18% for the state. Senator Hayden seconded the motion. After discussion, the motion failed on a 4-6 vote, with Senators Allen, Montgomery and Thiessen voting in favor of the motion. Senator Burke moved that the language in lines 119 through 128 be stricken. Senator Parrish seconded the motion, and the motion carried. Senator Burke moved that the bill, as amended, be recommended favorably for passage. Senator Mulich seconded the motion, and the motion carried.

S.B. 152 - Exemption from taxation of mobile home sales

Senator Allen moved that the bill be recommended favorably for passage. Senator Montgomery seconded the motion. After discussion, Senator Karr made a substitute motion that lines 303 through 306 be stricken from the bill. Senator Parrish seconded the motion, and the motion failed. Senator Allen renewed his original motion, and the motion carried.

Meeting adjourned.

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Line 232

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Line 362

(3) The amount of the additional tax imposed shall be the greater of:

A) An amount equal to the difference between:

- i) the inheritance tax computed after qualification under subsection (a), and:
- ii) the inheritance tax which would have been due had qualification under subsection (a) been allowed for only that property which continues in a qualified use under subsection (a) and:

B) An amount equal to the difference between:

- i) the tax imposed under K.S.A. 79-1539, and amendments thereto, after qualification under subsection (a) and (c) and — KSA 79-1545 only
- ii) the tax imposed under K.S.A. 79-1539, and amendments thereto, after imposition of additional federal estate tax liability required under the provisions of 26 USC 2032A (C), as such provisions existed on December 31, 1984.