

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, March 7, 1985 in room 519-S of the Capitol.

All members were present except:

Senator Robert Frey (Excused)
Senator Leroy Hayden (Excused)
Senator Don Montgomery (Excused)

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:

Bill Sneed, Kansas Tobacco & Candy Wholesalers
Gary Smith, Shawnee County Appraiser
Bill Edds, Department of Revenue

S.B. 32 - Cigarette tax rate increase

Chairman Kerr reminded the Committee that this bill would provide that any or all of the 8¢ federal excise tax scheduled to be sunsetted would be picked up by the state.

Bill Sneed requested that the Committee amend the bill (Attachment 1) with regards to the discount received for handling stamps. He said the intent of the amendment is to keep the status quo on the discount rate.

The Revisor advised that 79-3312, regarding the redemption rate, should be amended if the proposed amendment is adopted. Senator Salisbury made a conceptual motion that both amendments be adopted. Senator Allen seconded the motion, and the motion carried. Senator Salisbury moved that the bill, as amended, be recommended favorably for passage. Senator Thiessen seconded the motion, and the motion carried.

S.B. 198 - Duties of county appraiser and clerk relating to taxable personal property reporting

Gary Smith read his written testimony in support of S.B. 198 (Attachment 2). He explained that the bill would change the time frame for filings to provide for smoother operation at the county level. He discussed the problems in trying to get the complete tax roll done by April 30. Mr. Smith also explained his suggested amendments (Attachment 2). In answer to a question from Chairman Kerr, Mr. Smith said the bill would probably be agreed to by the county appraisers association, county treasurers association, Board of Tax Appeals and Property Valuation Division. He was uncertain about the county clerks' position.

S.B. 333 - Collection of motor vehicle property tax

Bill Edds told the Committee that S.B. 333 provides a remedy in situations where there is some type of error and personal property taxes on motor vehicles are underpaid. The bill also applies to situations where individuals fail to pay any tax at all on motor vehicles. The county treasurer would be authorized to send out a letter to the owner in cases of under-payment or non-payment allowing 30 days within which to take care of the payment. After 30 days, the treasurer could issue a tax warrant to the sheriff and follow basically the same procedure used for other property tax delinquencies. Answering questions from Senator Karr, Mr. Edds said that there is adequate recourse for the taxpayer and that no penalty accrues if the mistake is a clerical error.

Senator Allen moved that S.B. 333 be recommended favorably for passage. Senator Mulich seconded the motion, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m./~~PM~~ on Thursday, March 7, 1985

S.B. 198 - Duties of county appraiser and clerk relating to taxable personal property reporting

Senator Burke moved that line 87 of the bill be amended to include 79-1003, 79-1434 and S.B. 31. Senator Parrish seconded the motion, and the motion carried. After discussion Senator Burke moved to reconsider the action on the previous motion. Senator Karr seconded the motion, and the motion carried. Senator Burke moved that line 87 be amended to read: "investigation and valuation pursuant to law, and". Senator Allen seconded the motion, and the motion carried. Senator Karr moved that line 96 of the bill be amended to read: "described in K.S.A. 79-1422, and amendments". Senator Salisbury seconded the motion, and the motion carried. Senator Burke moved that the bill, as amended, be recommended favorably for passage. Senator Karr seconded the motion, and the motion carried.

Senator Thiessen moved that the minutes of the March 6, 1985 meeting be approved. Senator Karr seconded the motion, and the motion carried.

Senator Karr moved, and Senator Parrish seconded, a motion to pass S.B. 150 and S.B. 201 with the idea that they be sent to the Ways and Means Committee to keep them alive after the deadline. Since only six senators were present at the time, Chairman Kerr asked that the motion be withdrawn and he said time would be provided at Friday's meeting to offer the motion. Senators Karr and Parrish withdrew the motion.

Meeting adjourned.

Proposed Amendment
to S. B. 32

,if the increase in the federal excise tax on cigarettes imposed and in effect on January 1, 1983, is abolished.

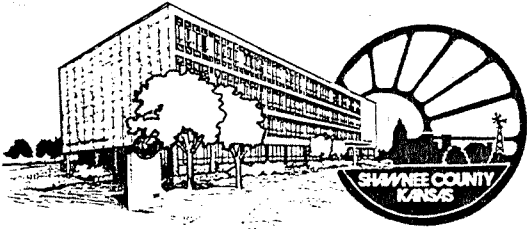
79-3311. Stamps and meter imprints; sale; discount; corporate surety bond; tax meter, use and bond; cigarette tax refund fund established; transportation for out-of-state sale. The director shall design and designate indicia of tax payment to be affixed to each package of cigarettes as provided by this act. The director shall sell water applied stamps only to licensed wholesale dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the heat process shall be sold only in amounts of 30,000 or multiples thereof. Meter imprints shall be sold only in amounts of 10,000 or multiples thereof. Water applied stamps in amounts of 10,000 or multiples thereof and stamps applied by the heat process and meter imprints shall be supplied to wholesale dealers at a discount of 2.65% from the face value thereof, and shall be deducted at the time of purchase or from the remittance therefor as hereinafter provided. On and after October 1, 1985, such discount rate shall be 1.77%. Any wholesale cigarette dealer who shall file with the director a bond, of acceptable form, payable to the state of Kansas with a corporate surety

authorized to do business in Kansas, shall be permitted to purchase stamps, and remit therefor to the director within 30 days after each such purchase, up to a maximum outstanding at any one time of 85% of the amount of the bond. Failure on the part of any wholesale dealer to remit as herein specified shall be cause for forfeiture of such dealer's bond. All revenue received from the sale of such stamps or meter imprints shall be remitted to the state treasurer daily. Upon receipt thereof, the state treasurer shall deposit the entire amount thereof in the state treasury. The state treasurer shall first credit such amount thereof as the director shall order to the cigarette tax refund fund and shall credit the remaining balance to the state general fund. A refund fund designated the cigarette tax refund fund not to exceed \$10,000 at any time shall be set apart and maintained by the director from taxes collected under this act and held by the state treasurer for prompt payment of all refunds authorized by this act. Such cigarette tax refund fund shall be in such amount as the director shall determine is necessary to meet current refunding requirements under this act.

The wholesale cigarette dealer shall affix to each package of cigarettes stamps or tax meter imprints required by this act prior to the sale of cigarettes to any person, by such dealer or such dealer's agent or agents, within the state of Kansas. The director is empowered to authorize wholesale dealers to affix revenue tax meter imprints upon original packages of cigarettes and is charged with the duty of regulating the use of tax meters to secure payment of the proper taxes. No wholesale dealer shall affix revenue tax meter imprints to original packages of cigarettes without first having obtained permission from the director to employ this method of affixation. If the director approves the wholesale dealer's application for permission to affix revenue tax meter imprints to original packages of cigarettes, the director shall require such dealer to file a suitable bond payable to the state of Kansas executed by a corporate surety authorized to do business in Kansas. The director may, to assure the proper collection of taxes imposed by the act, revoke or suspend the privilege of imprinting tax meter imprints upon original packages of cigarettes. All meters shall be under the direct

control of the director, and all transfer assignments or anything pertaining thereto must first be authorized by the director. All inks used in the stamping of cigarettes must be of a special type devised for use in connection with the machine employed and approved by the director. All repairs to the meter are strictly prohibited except by a duly authorized representative of the director. Requests for service shall be directed to the director. Meter machine ink imprints on all packages shall be clear and legible. If a wholesale dealer continuously issues illegible cigarette tax meter imprints, it shall be considered sufficient cause for revocation of such dealer's permit to use a cigarette tax meter.

A licensed wholesale dealer may, for the purpose of sale in another state, transport cigarettes not bearing Kansas indicia of tax payment through the state of Kansas provided such cigarettes are contained in sealed and original cartons.



Shawnee County
Office of County Appraiser

GARY M. SMITH ASA, CKA
 APPRAISER

ROOM 102
 295-4100

COURTHOUSE
 TOPEKA, KANSAS 66603

March 7, 1985

Fred Kerr, Chairman
 Senate Assessment and Taxation Committee

1. I would like to thank this committee for the time and concern shown over the problems which surfaced during the 1984 tax year.
 Senate Bill #198 would with three (3) minor changes close time frame and internal problems in the sequence of events as they happen at the County level.

2. There are 10 types of filings by taxpayers with which the County Appraiser and County Clerk must contend during the tax year.
 1. Filed on time (79-306) - March 1, April 1, April 15
 2. Extensions (79-1422)
 3. Late Filings (79-1422) - After above dates
 4. Failure to file (79-1422) - between late file and one year later
 5. Inaccurate lists (79-1461)
 6. Under investigations (79-1461)
 7. Equipment before July (79-316)
 8. Inventory before November (79-1003)
 9. Transient Merchant (79-1434)
 10. Escaped Property (senate Bill #31) - one year after 79-306

3. If you will follow along with me we need to account for all ten (10) types of filings to complete a tax roll for any given year.
 Line 0084 indicates the Appraiser shall certify that such Appraisals constitute the complete Appraisal roll for personal property, except:
 - A.--0087 - KSA 79-1461 (investigations)
 - B.--0089 - Escaped Appraisal (Senate Bill #31)

As this paragraph is written all other personal properties are to be included in the complete Appraisal roll. I believe if you will consider for a moment that property described in #2 extentions, #3 late filings, #4 failure to file, #7 equipment before July, #8 inventory before November and #9 Transient Merchant, these lists would not have been in the office by April 30th and therefore should be excepted from the complete appraisal roll.

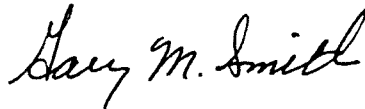
I am concerned that if we do not make exception in the statutes that all property described above could be illegal assessments and be lost in an appeal procedure.

The paragraph beginning on line 0093 speaks to the County Clerks taxable personal property roll which should included all property which needs to be appraised for any given year. The language used in this paragraph with the exception of the term [subsection (B) of] found on line #0096 would include all other property which needs to be included due to the language beginning on line 0098 which states, any other records prepared by the Appraiser, which would include any remaining property which needed to be Appraised during the year.

4. If the requested changes in 79-1467 are approved the Appraiser will certify by April 30 to the Clerk the Appraisal roll of accurate lists rendered on time with the balance of the filings being added to the Clerks taxable property roll as they are completed after investigation and valueing in an orderly manner.

The Appraisers Association would request the changes be approved for a more orderly method of taxation for the people of Kansas.

Sincerely,



Gary M. Smith
Appraiser, ASA, CKA

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0083 clerk, on or before the last business day of April each year, the
 0084 county appraiser shall deliver a document certifying that such
 0085 appraisals constitute the complete appraisal rolls for personal
 0086 property *except for personal property which may be subject to*
 0087 *investigation and valuation pursuant to ~~K.S.A. 79-1461~~, and*
 0088 *amendments thereto, or personal property which may have*
 0089 *escaped appraisal in any year, in which cases the appraiser shall*
 0090 *transmit to the clerk, upon completion, the appraisals of such*
 0091 *property and the clerk shall add the same to the taxable per-*
 0092 *sonal property roll at such time.*

Any other provisions of this act

0093 The taxable personal property roll shall consist of all personal
 0094 property forms rendered by taxpayers to the county appraiser,
 0095 *personal property forms completed by the appraiser in cases*
 0096 *described in ~~subsection (b) of~~ K.S.A. 79-1422, and amendments*
 0097 *thereto, and cases involving escaped appraisal in any year and*
 0098 any other records prepared by the county appraiser for the listing
 0099 and appraisal of taxable personal property located within the
 0100 county.

County Clerks

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0101 The exempt personal property roll shall include all personal
 0102 property that is exempt from ad valorem taxation except those
 0103 specific types of property set forth in K.S.A. 79-201c. The exempt
 0104 personal property roll shall consist of all exempt personal prop-
 0105 erty forms rendered by taxpayers to the county appraiser and
 0106 other records prepared by the county appraiser for the listing and
 0107 appraisal of all exempt personal property within the county.

0108 Sec. 3. K.S.A. 79-1422 and 79-1467 are hereby repealed.

0109 Sec. 4. This act shall take effect and be in force from and
 0110 after its publication in the statute book.