

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 Wednesday, March 20, 1985 in room 519-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:

Bill Edds, Department of Revenue
Harley Duncan, Department of Revenue
Donald Schnacke, Kansas Independent Oil and Gas Association

H.B. 2151 - Collection of state compensating tax

Bill Edds read his memorandum (Attachment 1) explaining that the bill would provide that the compensating use tax shall be paid by the consumer in instances where it is not collected or collectible by the retailer.

H.B. 2150 - Income tax computation tables contents

Harley Duncan read his testimony (Attachment 2) regarding H.B. 2150. The bill would allow the Department to develop tables based on taxable income similar to federal tax tables. Secretary Duncan described the problems that occur with the present tables. He provided copies of both federal and state tax tables (Attachment 3) to illustrate the differences. Answering questions from Committee members, Secretary Duncan said that the proposed modifications would make it much easier for a majority of taxpayers and more difficult for a minority. He said the only revenue effects might be a very small positive effect.

H.B. 2547 - Severance tax report and return information sharing

Bill Edds read his memorandum (Attachment 4) explaining H.B. 2547. The bill would allow the Department to furnish information regarding mineral severance tax returns and reports to counties and other state agencies. Mr. Edds also requested that the bill be amended to provide that exempt production information be reported to the Department.

Donald Schnacke testified in support of the bill. He advised that his association also supports the amendment requested by the Department.

Responding to questions from Chairman Kerr, Mr. Edds said the reporting of exempt production is for informational purposes and not a matter of confidentiality. He explained that the Department attempted to promulgate a rule regarding exempt production reporting and the Attorney General did not approve the rule on the basis that the statutes contain no authority for the Department to order such reporting.

Senator Allen moved that H.B. 2547 be amended to provide for reporting of exempt production. Senator Hayden seconded the motion, and the motion carried. Senator Mulich moved that H.B. 2547, as amended, be recommended favorably for passage. Senator Thiessen seconded the motion, and the motion carried.

Senator Parrish moved that H.B. 2150 be recommended favorably for passage and be placed on the consent calendar. Senator Hayden seconded the motion, and the motion carried.

Senator Mulich moved that H.B. 2151 be recommended favorably for passage and be placed on the consent calendar. Senator Karr seconded the motion, and the

CONTINUATION SHEET

Minutes of the Tax Committee on March 20, 1985

motion carried.

Senator Thiessen moved that the minutes of the March 19, 1985 meeting be approved. Senator Karr seconded the motion, and the motion carried.

Meeting adjourned.

M E M O R A N D U M

To: Senate Committee on
Assessment and Taxation

Date: March 20, 1985

From: Kansas Department of Revenue

Re: H.B. 2151

K.S.A. 79-3705a provides that the compensating use tax shall be paid by the consumer or user to the retailer and that it is the duty of every retailer to collect the same from the consumer or user. This section contains a proviso that if the tax is not collected or collectible by the retailer, then the person using, consuming or storing tangible personal property in this state shall file a return and pay the tax.

In the case of J. G. Masonry, Inc., v. Department of Revenue, the Kansas Supreme Court was faced with facts where the taxpayer was assessed compensating tax for property it brought into the state. In its decision the Court intimated that had the out-of-state retailer from whom the property was purchased been registered to collect the Kansas compensating tax, the taxpayer would not have been liable for the same due to the wording "or collectible" in K.S.A. 79-3705a. The Department recommends legislation that would delete the words "or collectible" to maintain the ability to assess the tax against the consumer or user regardless of the out-of-state retailer's status.



Kansas
DEPARTMENT OF REVENUE

State Office Building
Topeka, KS 66625

MEMORANDUM

March 19, 1985

TO: The Honorable Fred A. Kerr, Chairman
Senate Committee on Assessment of Taxation

FROM: Harley T. Duncan
Secretary of Revenue

SUBJECT: HB 2150

Thank you for the opportunity to appear before you on HB 2150. HB 2150 amends K.S.A. 79-32,112a which governs the promulgation of individual income tax tables by the Secretary of Revenue. The Department supports this measure.

K.S.A. 79-32,112a, as it is now written, allows for income tax tables which "... reflect the Kansas standard deduction, a deduction for the federal income tax liability... and a deduction for the allowable number of personal exemptions." The ability to use tax tables with these deductions incorporated in them is limited to a select, and rapidly declining, group of taxpayers. Appropriate use of the tables is limited to those taxpayers who are full year residents of Kansas, have the identical state and federal adjusted gross income, use a standard deduction, and have no credits against their federal tax.

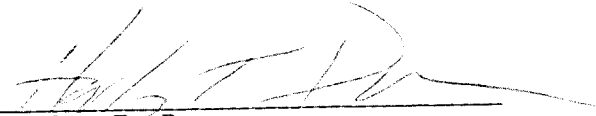
Items which would disqualify one from using the tables include: (a) modifications to federal adjusted gross income such as federal interest income, non-Kansas municipal bond interest, and KPERS contributions; (b) income averaging at the federal level; (c) use of the charitable deduction for non-itemizers at the federal level; and (d) any federal tax credits such as the political contribution credit, child care credit or energy tax credit. The KPERS contributions and charitable contribution for non-itemizers have particularly limited the population for whom the tables are appropriate in recent years.

Unfortunately, many taxpayers use the tax tables even though they are not qualified and, consequently, submit returns with a incorrect state tax liability. To the extent these returns are discovered, they must be manually adjusted, and an adjustment letter is sent to the taxpayer, sometimes seeking additional tax. If erroneous returns are not discovered, the miscalculated state liability is generally less than that actually owed because the disqualifying feature is generally one that would result in a lower federal tax deduction than contained in the tables.

HB 2150 amends K.S.A. 79-32,112a to delete the specific references to the standard deduction, federal tax deduction and personal exemptions. This will allow us to develop tables based on taxable income (or a modification thereof) much like the federal tax tables (example attached). Through such a modification, a much larger group of taxpayers could use the tables and avoid the tax computation schedule. Also, a larger income spectrum could be covered in the tables which are now limited to \$20,000/\$40,000 adjusted gross income. If constructed in this manner, it would also minimize errors resulting from using the wrong tax table (e.g., single using married).

The Committee should be aware, however, that changing the tables in this manner will require those who could appropriately use the existing tables to make more entries in completing their state tax forms. Depending on the final configuration, it will require entry of the federal tax paid and could require computation and entry of the standard deduction and computation and entry of the personal exemption amount. The standard deduction computation can be simplified by creating a table of standard deductions based on income.

Nonetheless, it is the feeling of the Department that due to the limited number of individuals who may use the present tax tables; the complexity of having different methods of calculating tax liability; and the expansion of the range and applicability of the proposed tables, K.S.A. 79-32,112a should be amended to allow for greater flexibility in designing tax tables.



Harley T. Duncan
Secretary of Revenue

HTD:1/S743

1984 Tax Table (Continued)

If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—				If line 37 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
		Your tax is—						Your tax is—						Your tax is—			
5,000						8,000						11,000					
5,000	5,050	329	179	413	306	8,000	8,050	764	543	875	697	11,000	11,050	1,244	963	1,452	1,186
5,050	5,100	336	184	420	312	8,050	8,100	771	550	884	704	11,050	11,100	1,253	970	1,463	1,195
5,100	5,150	343	190	427	318	8,100	8,150	779	557	893	711	11,100	11,150	1,262	977	1,474	1,203
5,150	5,200	350	195	434	324	8,150	8,200	786	564	902	718	11,150	11,200	1,271	984	1,485	1,212
5,200	5,250	357	201	441	330	8,200	8,250	794	571	911	725	11,200	11,250	1,280	991	1,496	1,220
5,250	5,300	364	206	448	336	8,250	8,300	801	578	920	732	11,250	11,300	1,289	998	1,507	1,229
5,300	5,350	371	212	455	342	8,300	8,350	809	585	929	739	11,300	11,350	1,298	1,005	1,518	1,237
5,350	5,400	378	217	462	348	8,350	8,400	816	592	938	746	11,350	11,400	1,307	1,012	1,529	1,246
5,400	5,450	385	223	469	354	8,400	8,450	824	599	947	753	11,400	11,450	1,316	1,019	1,540	1,254
5,450	5,500	392	228	476	360	8,450	8,500	831	606	956	760	11,450	11,500	1,325	1,026	1,551	1,263
5,500	5,550	399	234	483	366	8,500	8,550	839	613	965	767	11,500	11,550	1,334	1,033	1,562	1,271
5,550	5,600	406	240	490	372	8,550	8,600	847	620	974	774	11,550	11,600	1,343	1,040	1,573	1,280
5,600	5,650	413	246	497	378	8,600	8,650	855	627	983	781	11,600	11,650	1,352	1,047	1,584	1,288
5,650	5,700	420	252	504	384	8,650	8,700	863	634	992	788	11,650	11,700	1,361	1,054	1,595	1,297
5,700	5,750	427	258	511	390	8,700	8,750	871	641	1,001	795	11,700	11,750	1,370	1,061	1,606	1,305
5,750	5,800	434	264	518	396	8,750	8,800	879	648	1,010	804	11,750	11,800	1,379	1,068	1,617	1,314
5,800	5,850	441	270	525	402	8,800	8,850	887	655	1,019	812	11,800	11,850	1,388	1,075	1,628	1,323
5,850	5,900	448	276	532	408	8,850	8,900	895	662	1,028	821	11,850	11,900	1,397	1,082	1,639	1,332
5,900	5,950	455	282	539	414	8,900	8,950	903	669	1,037	829	11,900	11,950	1,406	1,089	1,650	1,341
5,950	6,000	462	288	547	420	8,950	9,000	911	676	1,046	838	11,950	12,000	1,415	1,096	1,661	1,350
6,000						9,000						12,000					
6,000	6,050	469	294	555	426	9,000	9,050	919	683	1,055	846	12,000	12,050	1,424	1,105	1,672	1,359
6,050	6,100	476	300	563	432	9,050	9,100	927	690	1,064	855	12,050	12,100	1,433	1,113	1,683	1,368
6,100	6,150	483	306	571	438	9,100	9,150	935	697	1,073	863	12,100	12,150	1,442	1,121	1,694	1,377
6,150	6,200	490	312	579	444	9,150	9,200	943	704	1,082	872	12,150	12,200	1,451	1,129	1,705	1,386
6,200	6,250	497	318	587	450	9,200	9,250	951	711	1,091	880	12,200	12,250	1,460	1,137	1,716	1,395
6,250	6,300	504	324	595	456	9,250	9,300	959	718	1,100	889	12,250	12,300	1,469	1,145	1,727	1,404
6,300	6,350	511	330	603	462	9,300	9,350	967	725	1,109	897	12,300	12,350	1,478	1,153	1,739	1,413
6,350	6,400	518	336	611	468	9,350	9,400	975	732	1,118	906	12,350	12,400	1,487	1,161	1,751	1,422
6,400	6,450	525	342	619	474	9,400	9,450	983	739	1,127	914	12,400	12,450	1,496	1,169	1,764	1,431
6,450	6,500	532	348	627	480	9,450	9,500	991	746	1,136	923	12,450	12,500	1,505	1,177	1,776	1,440
6,500	6,550	539	354	635	487	9,500	9,550	999	753	1,145	931	12,500	12,550	1,514	1,185	1,789	1,449
6,550	6,600	546	360	643	494	9,550	9,600	1,007	760	1,154	940	12,550	12,600	1,523	1,193	1,801	1,458
6,600	6,650	554	366	651	501	9,600	9,650	1,015	767	1,163	948	12,600	12,650	1,532	1,201	1,814	1,467
6,650	6,700	561	372	659	508	9,650	9,700	1,023	774	1,172	957	12,650	12,700	1,541	1,209	1,826	1,476
6,700	6,750	569	378	667	515	9,700	9,750	1,031	781	1,181	965	12,700	12,750	1,550	1,217	1,839	1,485
6,750	6,800	576	384	675	522	9,750	9,800	1,039	788	1,190	974	12,750	12,800	1,559	1,225	1,851	1,494
6,800	6,850	584	390	683	529	9,800	9,850	1,047	795	1,199	982	12,800	12,850	1,568	1,233	1,864	1,503
6,850	6,900	591	396	691	536	9,850	9,900	1,055	802	1,208	991	12,850	12,900	1,577	1,241	1,876	1,512
6,900	6,950	599	402	699	543	9,900	9,950	1,063	809	1,217	999	12,900	12,950	1,586	1,249	1,889	1,521
6,950	7,000	606	408	707	550	9,950	10,000	1,071	816	1,226	1,008	12,950	13,000	1,596	1,257	1,901	1,530
7,000						10,000						13,000					
7,000	7,050	614	414	715	557	10,000	10,050	1,079	823	1,235	1,016	13,000	13,050	1,605	1,265	1,914	1,539
7,050	7,100	621	420	723	564	10,050	10,100	1,087	830	1,244	1,025	13,050	13,100	1,615	1,272	1,926	1,548
7,100	7,150	629	426	731	571	10,100	10,150	1,095	837	1,254	1,033	13,100	13,150	1,626	1,281	1,939	1,557
7,150	7,200	636	432	739	578	10,150	10,200	1,103	844	1,265	1,042	13,150	13,200	1,636	1,289	1,951	1,566
7,200	7,250	644	438	747	585	10,200	10,250	1,111	851	1,276	1,050	13,200	13,250	1,646	1,297	1,964	1,575
7,250	7,300	651	444	755	592	10,250	10,300	1,119	858	1,287	1,059	13,250	13,300	1,656	1,305	1,976	1,584
7,300	7,350	659	450	763	599	10,300	10,350	1,127	865	1,298	1,067	13,300	13,350	1,666	1,313	1,989	1,593
7,350	7,400	666	456	771	606	10,350	10,400	1,135	872	1,309	1,076	13,350	13,400	1,676	1,321	2,001	1,602
7,400	7,450	674	462	779	613	10,400	10,450	1,143	879	1,320	1,084	13,400	13,450	1,686	1,329	2,014	1,611
7,450	7,500	681	468	787	620	10,450	10,500	1,151	886	1,331	1,093	13,450	13,500	1,696	1,337	2,026	1,620
7,500	7,550	689	474	795	627	10,500	10,550	1,159	893	1,342	1,101	13,500	13,550	1,706	1,345	2,039	1,629
7,550	7,600	696	480	803	634	10,550	10,600	1,167	900	1,353	1,110	13,550	13,600	1,716	1,353	2,051	1,638
7,600	7,650	704	487	811	641	10,600	10,650	1,175	907	1,364	1,118	13,600	13,650	1,726	1,361	2,064	1,647
7,650	7,700	711	494	819	648	10,650	10,700	1,183	914	1,375	1,127	13,650	13,700	1,736	1,369	2,076	1,656
7,700	7,750	719	501	827	655	10,700	10,750	1,191	921	1,386	1,135	13,700	13,750	1,746	1,377	2,089	1,665
7,750	7,800	726	508	835	662	10,750	10,800	1,199	928	1,397	1,144	13,750	13,800	1,756	1,385	2,101	1,674
7,800	7,850	734	515	843	669	10,800	10,850	1,208	935	1,408	1,152	13,800	13,850	1,766	1,393	2,114	1,683
7,850	7,900	741	522	851	676	10,850	10,900	1,217	942	1,419	1,161	13,850	13,900	1,776	1,401	2,126	1,692
7,900	7,950	749	529	859	683	10,900	10,950	1,226	949	1,430	1,169	13,900	13,950	1,786	1,409	2,139	1,701
7,950	8,000	756	536	867	690	10,950	11,000	1,235	956	1,441	1,178	13,950	14,000	1,796	1,417	2,151	1,710

*This column must also be used by a qualifying widow(er).

Continued on next page

1984 TAX TABLE B—MARRIED FILING JOINTLY

STATE

The 16% standard deduction or low income allowance, whichever is greater, personal exemptions and federal income tax have been taken into account in figuring the tax shown in this table. Do not take a separate deduction for them.

(For married persons filing joint returns with adjusted gross income of \$40,000 or less who claim fewer than 10 exemptions)
 To find your tax: Read down the left income column until you find your income as shown on line 9, on the front of form 40, or line 6, on the front of form 40A. Read across to the column headed by the total number of exemptions claimed on line 5c of form 40, or form 40A. The amount shown at the point where the two lines meet is your tax. Enter on line 15, on the front of form 40, or line 7, on the front of form 40A.

THIS TABLE CAN NOT BE USED IF YOU DO NOT MEET THE QUALIFICATIONS LISTED ON PAGE 5 OF THIS BOOKLET

If line 9, form 40 or line 6, form 40A is—		And the total number of exemptions claimed on line 5c, form 40 or form 40A is—							
At Least	But Less Than	2	3	4	5	6	7	8	9
4,100	4,200	1	0	0	0	0	0	0	0
4,200	4,300	3	0	0	0	0	0	0	0
4,300	4,400	5	0	0	0	0	0	0	0
4,400	4,500	7	0	0	0	0	0	0	0
4,500	4,600	9	0	0	0	0	0	0	0
4,600	4,700	11	0	0	0	0	0	0	0
4,700	4,800	13	0	0	0	0	0	0	0
4,800	4,900	15	0	0	0	0	0	0	0
4,900	5,000	17	0	0	0	0	0	0	0
5,000	5,100	19	0	0	0	0	0	0	0
5,100	5,200	21	1	0	0	0	0	0	0
5,200	5,300	23	3	0	0	0	0	0	0
5,300	5,400	25	5	0	0	0	0	0	0
5,400	5,500	27	7	0	0	0	0	0	0
5,500	5,600	29	9	0	0	0	0	0	0
5,600	5,700	30	11	0	0	0	0	0	0
5,700	5,800	32	13	0	0	0	0	0	0
5,800	5,900	34	15	0	0	0	0	0	0
5,900	6,000	36	17	0	0	0	0	0	0
6,000	6,100	38	19	0	0	0	0	0	0
6,100	6,200	39	21	1	0	0	0	0	0
6,200	6,300	41	23	3	0	0	0	0	0
6,300	6,400	43	25	5	0	0	0	0	0
6,400	6,500	45	27	7	0	0	0	0	0
6,500	6,600	46	29	9	0	0	0	0	0
6,600	6,700	48	30	11	0	0	0	0	0
6,700	6,800	50	32	13	0	0	0	0	0
6,800	6,900	52	34	15	0	0	0	0	0
6,900	7,000	54	36	17	0	0	0	0	0
7,000	7,100	55	38	19	0	0	0	0	0
7,100	7,200	57	39	21	1	0	0	0	0
7,200	7,300	59	41	23	3	0	0	0	0
7,300	7,400	61	43	25	5	0	0	0	0
7,400	7,500	63	45	27	7	0	0	0	0
7,500	7,600	64	46	29	9	0	0	0	0
7,600	7,700	66	48	30	11	0	0	0	0
7,700	7,800	68	50	32	13	0	0	0	0
7,800	7,900	70	52	34	15	0	0	0	0
7,900	8,000	71	54	36	17	0	0	0	0
8,000	8,100	73	55	38	19	0	0	0	0
8,100	8,200	75	57	39	21	1	0	0	0
8,200	8,300	77	59	41	23	3	0	0	0
8,300	8,400	78	61	43	25	5	0	0	0
8,400	8,500	80	63	45	27	7	0	0	0
8,500	8,600	83	64	46	29	9	0	0	0
8,600	8,700	86	66	48	30	11	0	0	0
8,700	8,800	89	68	50	32	13	0	0	0
8,800	8,900	92	70	52	34	15	0	0	0
8,900	9,000	96	71	54	36	17	0	0	0
9,000	9,100	99	73	55	38	19	0	0	0
9,100	9,200	102	75	57	39	21	1	0	0
9,200	9,300	105	77	59	41	23	3	0	0
9,300	9,400	108	78	61	43	25	5	0	0
9,400	9,500	111	80	63	45	27	7	0	0
9,500	9,600	114	83	64	46	29	9	0	0
9,600	9,700	117	86	66	48	30	11	0	0
9,700	9,800	120	89	68	50	32	13	0	0
9,800	9,900	123	92	70	52	34	15	0	0
9,900	10,000	126	96	71	54	36	17	0	0
10,000	10,100	129	99	73	55	38	19	0	0

If line 9, form 40 or line 6, form 40A is—		And the total number of exemptions claimed on line 5c, form 40 or form 40A is—							
At Least	But Less Than	2	3	4	5	6	7	8	9
10,100	10,200	132	102	75	57	39	21	1	0
10,200	10,300	135	105	77	59	41	23	3	0
10,300	10,400	138	108	78	61	43	25	5	0
10,400	10,500	141	111	80	63	45	27	7	0
10,500	10,600	144	114	83	64	46	29	9	0
10,600	10,700	147	117	86	66	48	30	11	0
10,700	10,800	150	120	89	68	50	32	13	0
10,800	10,900	154	123	92	70	52	34	15	0
10,900	11,000	157	126	96	71	54	36	17	0
11,000	11,100	161	129	99	73	55	38	19	0
11,100	11,200	164	132	102	75	57	39	21	1
11,200	11,300	167	135	105	77	59	41	23	3
11,300	11,400	171	138	108	78	61	43	25	5
11,400	11,500	174	141	111	80	63	45	27	7
11,500	11,600	178	144	114	83	64	46	29	9
11,600	11,700	181	147	117	86	66	48	30	11
11,700	11,800	185	150	120	89	68	50	32	13
11,800	11,900	188	154	123	92	70	52	34	15
11,900	12,000	192	157	126	96	71	54	36	17
12,000	12,100	195	161	129	99	73	55	38	19
12,100	12,200	198	164	132	102	75	57	39	21
12,200	12,300	202	167	135	105	77	59	41	23
12,300	12,400	205	171	138	108	78	61	43	25
12,400	12,500	209	174	141	111	80	63	45	27
12,500	12,600	212	178	144	114	83	64	46	29
12,600	12,700	216	181	147	117	86	66	48	30
12,700	12,800	219	185	150	120	89	68	50	32
12,800	12,900	222	188	154	123	92	70	52	34
12,900	13,000	226	192	157	126	96	71	54	36
13,000	13,100	229	195	161	129	99	73	55	38
13,100	13,200	233	198	164	132	102	75	57	39
13,200	13,300	235	201	167	134	104	76	59	41
13,300	13,400	238	204	169	137	107	78	60	42
13,400	13,500	241	207	172	139	109	79	61	44
13,500	13,600	244	209	175	142	112	81	63	45
13,600	13,700	247	212	178	144	114	83	64	47
13,700	13,800	249	215	181	147	117	86	66	48
13,800	13,900	252	218	183	149	119	88	67	50
13,900	14,000	255	221	186	152	122	91	69	51
14,000	14,100	258	223	189	155	124	93	70	52
14,100	14,200	260	226	192	157	126	96	72	54
14,200	14,300	263	229	195	160	129	99	73	55
14,300	14,400	266	232	197	163	131	101	74	57
14,400	14,500	269	235	200	166	134	104	76	58
14,500	14,600	271	237	203	169	136	106	77	60
14,600	14,700	274	240	206	171	139	109	79	61
14,700	14,800	277	243	209	174	141	111	80	63
14,800	14,900	279	246	211	177	144	113	83	64
14,900	15,000	282	249	214	180	146	116	85	65
15,000	15,100	285	251	217	183	148	118	88	67
15,100	15,200	288	254	220	185	151	121	90	68
15,200	15,300	290	257	223	188	154	123	93	70
15,300	15,400	293	259	225	191	157	126	95	71
15,400	15,500	296	262	228	194	159	128	98	73
15,500	15,600	299	265	231	197	162	131	100	74
15,600	15,700	301	268	234	199	165	133	103	76
15,700	15,800	304	270	237	202	168	136	105	77
15,800	15,900	307	273	239	205	171	138	108	78
15,900	16,000	309	276	242	208	173	140	110	80
16,000	16,100	313	279	245	211	176	143	113	82

M E M O R A N D U M

To: Senate Committee on
Assessment and Taxation

Date: March 20, 1985

From: Kansas Department of Revenue

Re: House Bill No. 2547

During the 1984 session the Kansas Department of Revenue requested the House Committee on Assessment and Taxation to sponsor legislation which would impose strict confidentiality standards governing disclosure of information from tax returns or reports received by the Department. House Bill 3051 was introduced and subsequently enacted to effectuate the Department's recommendation. This legislation was generic in nature in that its provisions encompassed all of the tax acts administered by the Department other than those which already had confidentiality provisions. H. B. 3051 authorized inspection of returns by the Attorney General and access by the Post Auditor; other provisions of Kansas law would allow disclosure of information to Internal Revenue Service officials. Further disclosure was prohibited, and violations were made class B misdemeanors and subjected the violating employee to dismissal from state employment.

It came to the Department's attention subsequent to enactment of H.B. 3051 that in the area of the mineral severance tax the confidentiality measures were too rigid. The mineral severance tax law accords exemptions to certain wells or leases whose production is minimal. Properties whose production is taxable under the mineral severance tax are entitled to an offset in the amount of the severance taxes in the formula utilized for valuing the properties for ad valorem tax purposes. Exempt properties do not receive such an offset. Therefore, it is critical that the local appraiser be aware whether a particular property is taxable or exempt when valuing the same for ad valorem tax. For this reason the introduction of H.B. 2547 was requested to authorize the Department of Revenue to furnish this information to the counties. The bill also authorizes the exchange of information with any other state agency administering and collecting conservation taxes or fees imposed on mineral production.