

Approved On: 3/30/87

Minutes of the House Committee on Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on March 27, 1987 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Fuller and Branson

Committee staff present:

Tom Severn, Legislative Research  
Chris Courtright, Legislative Research  
Don Hayward, Reviser of Statutes  
Millie Foose, Committee Secretary

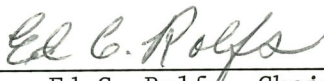
Senator Jerry Karr spoke as a proponent for SB-5 - AN ACT amending the Kansas withholding and declaration of estimated tax act; concerning the definition of employee. He said the bill resulted from a problem that occurred during the filming of a movie production in Emporia in 1986. Many of the extras work only one day and are paid in cash at the end of a 12 to 16-hour work day. The requirements that withholding tax be deducted for up to a thousand individuals adds to the complications that evolve around film production. (Attach. 1) Representative Lowther moved, second by Representative Aylward, that SB-5 be passed favorably. The motion carried.

Mr. Keith Farrar, representing Board of Tax Appeals, explained SB-54 - AN ACT relating to penalties for failure to list property for taxation, and answered questions from the committee. This concluded the public hearing on SB-54.

HB-2555 - AN ACT relating to income taxation; allowing credit therefrom for educational expenses incurred by certain taxpayers, was discussed. There was considerable discussion concerning the length of time the credit could be claimed, how many hours the student would have to be employed each year, and whether the bill should be amended to include semi-finalist. Representative Fox moved, second by Representative Lowther, that line 42 be amended to include semi-finalist. The motion failed. Representative Reardon moved, second by Representative Wagon, that line 42 be amended to specify full time employment (2000 hours) per year. The motion carried. There was considerable discussion about the amount of time that credit may be claimed. Representative Fox moved, second by Representative Wagon, that line 25 be amended to read "ten-year period". The motion carried. Representative Fox moved, second by Representative Wagon, that line 43 be amended to read "for semi-finalist or finalist". Representative Grotewiel proposed a substitute motion, second by Representative Roe, that "1985" in line 44 be struck and "1983" inserted. The motion carried. Representative Roe moved, second by Representative Pottorff, that HB-2555 as amended be passed favorably. The motion carried.

SB-54 - As previously discussed. Representative Aylward moved, second by Representative Crowell, that SB-54 be amended to include language in HB-2283. The motion carried. Representative Gatlin moved, second by Representative Wagon, that SB-54 as amended be passed favorably. The motion carried.

There being no further business, the meeting was adjourned.



Ed C. Rolfs, Chairman

GERALD "JERRY" KARR  
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TOPEKA

SENATE CHAMBER

March 27, 1987

TESTIMONY

TO

HOUSE TAXATION COMMITTEE

## COMMITTEE ASSIGNMENTS

MEMBER AGRICULTURE  
 ASSESSMENT AND TAXATION  
 FINANCIAL INSTITUTIONS AND  
 INSURANCE  
 EDUCATION  
 JOINT COMMITTEE ON ADMINISTRATIVE  
 RULES AND REGULATIONS

I would like to introduce S.B. 5, which you have before you this morning. The bill resulted because of a problem that occurred during the filming of a commercial movie production in the Emporia in late 1986.

The concerns evolved when questions developed regarding the need to deduct and withhold state income tax on individuals who served as extras during the movie production. Extras as defined in the bill means individuals who pantomime in the background or add atmosphere to the set and perform such actions without speaking. In the case of the extras that are normally used in Kansas, they generally work only one day and are paid a cash payment at the end of a twelve to sixteen-hour work day. The requirements that withholding tax be deducted for up to as many as a thousand different individuals adds to the complications of a normally hectic pace that evolves around film production.

The bill that you have before you passed the Senate with limited reservations and would further the enhancement of the Kansas Film Commission in attracting other movie companies to come to our state to produce, not only films, but also TV commercials. Since the filming in Emporia last fall, we have had some filming in the Osage City area by a Japanese film production unit.

In all cases, extras are paid monies and are still expected to report this miscellaneous income on their state income tax.

I will be glad to answer any questions that you might have regarding S.B. 5.