

Approved _____
Date 3/22/89

MINUTES OF THE House COMMITTEE ON Taxation *x* *W. L. Roe*

The meeting was called to order by Representative Keith Roe at
Chairperson

9:00 a.m./~~pm~~ on March 17, 1989 in room 519-S of the Capitol.

All members were present except:

Representative Fuller, excused
Representative Grotewiel, absent
Representative Vancrum, excused

Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Lenore Olson, Committee secretary

Conferees appearing before the committee:

John Luttjohann - Director of Taxation
Kevin Robertson - Kansas Lodging Association
Jean Barbee - Travel Industry Association of Kansas

John Luttjohann testified in support of HB 2524, stating that these changes would make it clear when the transient guest taxes could become effective so the cities and counties would provide ample lead time to the Department. (Attachment 1)

Kevin Robertson testified in support of HB 2524, stating that it is intended to assist the Department of Revenue administer the collection and disbursement of the guest tax. (Attachment 2)

Jean Barbee testified in support of HB 2524, stating that the language in this bill is the exact procedure that has been recommended. Formalizing that procedure by making it statutory will benefit all entities involved. (Attachment 3)

Chairman Roe concluded the hearing on HB 2524.

John Luttjohann testified in support of HB 2523, stating that it would provide that if a person is collecting unemployment benefits from Kansas, those benefits are taxable in Kansas, even if the taxpayer moves out of state. (Attachment 4)

Chairman Roe concluded the hearing on HB 2523.

John Luttjohann testified in support of HB 2526, stating that this bill makes several technical and procedural changes in our income tax law, but that returns which have already been filed would not be affected. (Attachment 5)

Chairman Roe closed the hearing on HB 2526.

A motion was made by Representative Aylward and seconded by Representative Harder to pass HB 2518 favorably. The motion carried.

A motion was made by Representative Roy and seconded by Representative Aylward to amend HB 2219 in line 21, after the comma by inserting "and 50% of all moneys collected from assessments of delinquent taxes and penalties imposed thereunder,"; in line 24, after "remit" by inserting "50% of"; also, in line 24, by striking "a penalty" and inserting "the collection of assessments of delinquent taxes and penalties." The motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,
room 519-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 17, 1989

A motion was made by Representative Roy and seconded by Representative Aylward to pass HB 2219 favorably as amended. The motion carried.

A motion was made by Representative Lowther and seconded by Representative Reardon to strike lines 25 and 25 in HB 2531. The motion carried.

A motion was made by Representative Reardon and seconded by Representative Spaniol to strike lines 31 and 32 in HB 2531. The motion carried.

A motion was made by Representative Shore and seconded by Representative Crowell to table HB 2531. The motion failed with a vote count of 7 yes and 11 no.

A motion was made by Representative Spaniol and seconded by Representative Reardon to pass HB 2531 favorable as amended. The motion carried.

A motion was made by Representative Roy and seconded by Representative Spaniol to pass HB 2097 adversely. The motion failed with a vote count of 6 yes and 12 no.

A motion was made by Representative Lowther and seconded by Representative to pass HB 2097 favorably.

A substitute motion was made by Representative Smith and seconded by Representative Long to make a technical amendment to HB 2097 in line 48 to show 82a-802 instead of 82a-902. The motion carried.

A motion was made by Representative Roy and seconded by Representative Spaniol to table HB 2097. The motion failed.

A motion was made by Representative Lowther and seconded by Representative Guldner to pass HB 2097 favorably as amended. The motion carried.

The minutes of March 16, 1989, were approved.



KANSAS DEPARTMENT OF REVENUE


Division of Taxation

Robert B. Docking State Office Building
Topeka, Kansas 66625-0001

JOHN R. LUTTJOHANN
Director of Taxation

MEMORANDUM

**TO: HONORABLE KEITH ROE, CHAIRMAN
HOUSE COMMITTEE ON TAXATION**

FROM: JOHN R. LUTTJOHANN 
DIRECTOR OF TAXATION

DATE: March 17, 1989

RE: House Bill 2524

I appreciate the opportunity to appear before you today on House Bill 2524.

As introduced, this bill would add new language to the transient guest tax acts (K.S.A. 12-1693 and 12-1697) which would state the earliest a transient guest tax could become effective. For counties with a population in excess of 300,000 or cities located within such counties, the effective date would be the first day of the calendar quarter following a waiting period of 30 days after a primary or general election, or 60 days after any other election authorizing the tax.

Transient guest taxes for all other counties and cities would become effective the first day of the calendar quarter following 30 days after receipt by the Department of Revenue of the resolution or ordinance authorizing the tax.

This legislation would take effect July 1, 1989.

The Department has requested these changes since numerous cities and counties which have enacted transient guest taxes failed to notify the Department until after or right before the transient guest taxes were to become effective. These changes would make it clear when the transient guest taxes could become effective so the cities and counties would provide ample lead time to the Department.

There would be no negative fiscal or administrative impact to the State associated with these amendments.

I would be happy to answer any questions which you may have.

*3/17/89
Attachment 1*



Date: March 17, 1989
To: House of Taxation Committee
From: Kevin Robertson
Director of Governmental Affairs
Re: HB-2524

Mr. Chairman and members of the committee, my name is Kevin Robertson. I am director of Governmental Affairs for Barbee & Associates and today I appear before you on behalf of the Kansas Lodging Association (KLA). KLA is an association made up of 160 hotels and motels representing 8,900 rooms throughout the state of Kansas. I am here today in support of HB-2524 which establishes the beginning date of collection of the transient guest tax after its imposition by a city or county.

The Kansas Lodging Association supports HB-2524 in its present form. Under K.S.A. 12-1697 the governing body of any county or city may levy a transient guest tax on sleeping accommodations in order to provide revenues to promote local tourism and conventions. In 1987 Kansas hotels and motels collected \$5,308,167.59 in guest taxes in 56 cities and counties.

Transient guest tax money collected by the hotels and motels is turned in to the Department of Revenue which keeps 2% of the funds for administrative purposes and returns 98% of the funds to the local government that has levied the 1% to 5% tax.

HB-2524 is intended to assist the Department of Revenue administer the collection and disbursement of the guest tax.

To conclude, KLA supports the intentions of the Department of Revenue concerning transient guest tax collection and, therefore, HB-2524.

*3/17/89
attachment 2*



Travel
Industry
Association of
Kansas

810 Merchants National Bank
8th & Jackson
Topeka, Kansas 66612 913/233-9465

STATEMENT

DATE: March 17, 1989
TO: House Taxation Committee
FROM: Jean Barbee
Executive Director
RE: HB-2524

My name is Jean Barbee. I am with the firm of Barbee & Associates, today representing the Travel Industry Association of Kansas. I appear before you today in support of HB-2524.

The Travel Industry Association is made up of hotels, motels, attractions, restaurants, local chambers of commerce and convention and visitors bureaus.

According to the latest information I have received from the Department of Revenue, there are 39 cities and 17 counties currently collecting transient guest tax. Those revenues then are, generally, administered by a convention and visitors bureau or tourism committee within the community.

It is my understanding that when the Department of Revenue has been contacted and information requested regarding the collection of the transient guest tax, the language in this bill is the exact procedure that has been recommended. Formalizing that procedure by making it statutory will benefit all entities involved.

*3/17/89
Attachment 3*



KANSAS DEPARTMENT OF REVENUE

Division of Taxation

Robert B. Docking State Office Building
Topeka, Kansas 66625-0001

MEMORANDUM

TO: THE HONORABLE KEITH ROE, CHAIRMAN
HOUSE COMMITTEE ON TAXATION

FROM: JOHN R. LUTTJOHANN
DIRECTOR OF TAXATION

RE: HOUSE BILL 2523

DATE: MARCH 17, 1989

Thank you for the opportunity to appear today on House Bill 2523.

This bill amends our income tax law to specifically provide that unemployment benefits paid on account of Kansas employment are Kansas source income.

Unemployment benefits became fully taxable for federal and Kansas purposes beginning in 1987. This legislation would provide that if a person is collecting unemployment benefits from Kansas, those benefits are taxable in Kansas, even if the taxpayer moves out of state.

I would be happy to respond to any question which you may have.

3/17/89
attachment 4



KANSAS DEPARTMENT OF REVENUE

Division of Taxation

Robert B. Docking State Office Building
Topeka, Kansas 66625-0001

MEMORANDUM

**TO: THE HONORABLE KEITH ROE, CHAIRMAN
HOUSE COMMITTEE ON TAXATION**

**FROM: JOHN R. LUTTJOHANN
DIRECTOR OF TAXATION**

A handwritten signature in black ink, appearing to be "JR", is written over the name "JOHN R. LUTTJOHANN".

RE: HOUSE BILL 2526

DATE: MARCH 17, 1989

Thank you for the opportunity to appear today on House Bill 2526. This bill makes several technical and procedural changes in our income tax law.

Section 1 of the bill shortens our Statute of Limitations from four years to three years. This proposed change is a result of a suggestion of the Uniformity Committee of the Multistate Tax Commission. Most other states and the federal government currently have a three year statute of limitations.

This would insure that the change would not affect returns which have already been filed.

Section 1 also remedies a problem we have now, and provides needed recourse for taxpayers who have been assessed a liability and do not appeal within one year. Some taxpayers, particularly those who have moved, may not have received notice of an additional assessment. Under our current law, their recourse is cut off after one year from the assessment date. The change in this bill would allow them to pay the tax and seek a refund within two years of the date the tax was paid. We believe this is a fair provision in that it ties the statute of limitations period to an affirmative act of the taxpayer. This is similar to a provision in the federal Internal Revenue Code.

Section 2 of the bill removes most of the language relating to a "declaration" of estimated tax, and substitutes a simple payment mechanism. This is how most people think of the estimated tax at present, and in our view merely simplifies the wording of the law.

Section 2 also conforms our exceptions to application of the estimated tax to the current federal provisions. The two exceptions which are eliminated are rarely used.

Section 3 makes similar changes to the estimated tax provisions for corporations.

*3/17/89
Attachment 5*

I believe there is a typographical error on line 161. The language "be treated as the estimated tax" appears to be unnecessary.

We would also suggest that the provisions of the bill be made effective "for taxable years beginning after December 31, 1988", rather than on publication in the statute book.

I would be happy to respond to any questions which you may have.

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