

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen, Chairman at
Chairperson

11:00 a.m./~~p.m.~~ on Thursday, February 2, 1989 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Revisor's Office
Tom Severn, Research Department
Chris Courtwright, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Esther Wolf, Department of Aging
Senator Alicia Salisbury
Bob Runnells, Jr., Exec. Dir.-Kansas Catholic Conference
Jim Turner, President-KS League of Savings Institutions

Chairman Thiessen called the meeting to order and said that the agenda for today calls for consideration of bill requests and called upon Esther Wolf, Secretary-Department of Aging.

Esther Wolf said she would like for the committee to know that the Department of Aging is very concerned on the effect of reappraisal. We want to inform the committee on the issue of the Homestead Act, we are in favor of this as it is proposed by the Department of Revenue. One of our concerns is the computing factor for the tax to make sure there are as many mechanisms looked at that would allow the person that would have to pay the property tax up front to have some sort of knowledge about your system or a computing factor that would allow the person when the bill is computed up front and that they are given credit for that, so there is no cash exchange that might be a burden on the seniors, so the concern is all the factors be looked at when computing the bill that might allow some sort of a non cash, like a media voucher of some sort. We will be working very closely with the Department of Revenue on this issue as we are very concerned about our seniors out there.

Chairman Thiessen said many of the seniors have a difficult time in coming up with enough money to pay the tax, to get the refund later and with your proposal they wouldn't have to do that it would be sent in and the State would send that money to the Counties and Cities instead of the individuals. We would have to work with the Department of Revenue to see if some of those mechanisms can be worked out, but it certainly would give relief to a lot of those people.

After committee discussion on the proposal

Senator Langworthy made a motion to introduce a bill, working with the Department of Revenue on the mechanisms, seconded by Senator Lee. Motion carried.

Chairman Thiessen called upon Senator Salisbury for a bill request.

Senator Salisbury said she had been requested to raise a couple of issues which resulted from the classifying of taxes for the purpose of paying property taxes. The first is regarding merchants inventory which by classifying property was exempt from tax and the merchants inventory has been defined as property for resale and this would add to that definition lease. This was requested by the leasing companies who felt that the same kind of criteria justification for exempting merchants inventory for sale could also be applied to merchants inventory for lease, and what I am requesting of the tax committee this morning is consideration of this issue and the policy.

After committee discussion on the proposal by Senator Salisbury, Chairman Thiessen asked if there was a motion from the committee.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m. ~~p.m.~~ on Thursday, February 2, 1989

Senator Langworthy made a motion to introduce the bill, seconded by Senator Francisco.
Motion carried.

Chairman Thiessen asked if there were any other bill request and recognized Bob Runnells, Jr. representing Kansas Catholic Conference.

Bob Runnells, Jr. said he was proposing a tax exemption for parents to get some relief from out of pocket expenses of up to \$500. for children in K through 6th grade, and \$700. for students in 7th through 12th. This proposal is made on behalf of the Kansas Association of Non-Public Schools which is made up of a group of all the Lutheran, Seventh Day Adventists, Baptist, Christian and Catholic schools. This Association requested that this bill be presented to this committee. (ATTACHMENT 1)

Senator Fred Kerr asked Mr. Runnells if he had approached the House committee about this bill, and said this committee did extend the courtesy to introduce the same bill or one awfully close to it last year and we did extend the courtesy to introduce it, and Senator Kerr said if we extend the courtesy again this year and it should happen to fail, why wouldn't you explore the House side? Mr. Runnells said it was the feeling of the committee when they met with schools all across the State that we should approach this Senate committee with the bill.

Senator Martin made a motion to introduce the bill, seconded by Senator Francisco.
Motion carried.

Chairman Thiessen recognized Jim Turner and apologized for not being able to call him to testify at yesterdays meeting for proponents on SB4 and SB5.

Jim Turner said he turned in a handout at yesterdays meeting representing Kansas League of Savings Institutions, and with his handout he attached a bill request regarding SB5. I appear before the committee in support of SB5 which would reduce Corporate rates and we ask this committee to give consideration to amending SB5 to include the privilege tax rates applicable to savings and loan associations. With my handout I have attached information regarding the Tax Reform Act of 1986 as it impacted the Kansas Privilege Tax for savings and loan associations, with a compilation of examples using actual client situations. This attachment was provided by Peat Marwick Main & Co. of Kansas City, MO (ATTACHMENT 2)

We are supportive of SB5 which would reduce the corporate rates and I ask that this committee give consideration to amending SB5 to include the privilege tax rate paid by Savings and Loans Institutions and Commercial Banks as well. We cannot demonstrate any windfall tax impact of the 1986 tax reform bill.

Also, with my handout I have attached a proposed bill request which would reduce the privilege tax rates for savings and loan associations to the rate applicable to commercial banks in Kansas and end an inequity that has existed for the past ten years.

Chairman Thiessen said many people feel that our corporate tax rates are high in comparison with surrounding States and would like to have seen those reduced anyway, but the fact that SB5 is before us, is basically because of the windfall effect on the Corporations and at this point we haven't the total information, as to the total impact of the Federal Tax Reform Act of 1986, and that basically is the reason that we are looking at it. The Chairman asked Mr. Turner if he felt there is a windfall tax impact?

James R. Turner said I believe the memo attached to my handout addresses a number of the impacts of tax reform issues on our institutions. The major change for us was the change of going from cash to accrual.

Chairman Thiessen concluded hearings on SB4 and SB5

There was committee discussion on the proposed bill request and..

Senator Karr made a motion to introduce the bill, seconded by Senator Langworthy
The motion carried.

Chairman Thiessen adjourned the meeting at 11:45 a.m.

AN ACT relating to income taxation; modifying adjusted gross income for certain educational tuition, textbook and transportation expenses; amending K.S.A. 1987 Supp. 79-32, 117 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1987 Supp. 79-32,117 is hereby amended to read as follows: 79-117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax.

(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during the prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax

return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments to such sections.

(c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income. For Kansas income tax purposes the basis in carryover basis property, as defined by 26 U.S.C. 1023 (b) (1), shall be determined in accordance with the provisions of 26 U.S.C. 1014 existing on December 31, 1976.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system, from the civil service retirement and disability fund.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1) et seq.

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14, 106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14, 106, and amendments thereto.

(x) Amounts up to 50% or \$500, whichever is less, of the costs of labor and materials incurred by the taxpayer, per building, in the insulation of each building owned by said taxpayer, which building was in existence on July 1, 1977, is intended for single family or multi-family occupation and is located in this state. For the purposes of this subsection, the term "insulation" shall mean the act of installing materials in the walls, floors or ceilings of buildings, which materials are specifically designed to reduce the loss or gain of heat within such buildings and which materials meet the minimum criteria and standards for energy conservation for new buildings prescribed by the federal housing administration in existence on the effective date of this act and as such criteria and standards are further modified by rules and regulations of the state secretary of revenues.

(xi) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. 280 C.

(xii) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas Venture Capital, Inc.

(xiii) For taxable years commencing after December 31, 1984, and prior to January 1, 1990, the amount of any gain realized by a mortgagor resulting from the sale or other disposition of real estate due to the foreclosure of a mortgage upon such real estate or the voluntary conveyance of mortgaged property to the mortgagee, or by a debtor resulting from the release of liability on a contract for the purchase of real estate, to the extent included in the taxpayer's adjusted gross income for federal

income tax purposes. The provisions of this paragraph shall not apply to any gain realized by an investor from any such transactions concerning tax shelters which are required or would have been required to be registered with the federal internal revenue service pursuant to section 6111 of the internal revenue code, except that, the number of investors under such section shall be determined by treating all members of a family as one investor to the extent they would qualify as class A or class B distributees under K.S.A. 79-1537, and amendments thereto.

(xiv) Amounts paid by the taxpayer to others, not to exceed \$500 for each dependent in grades K to 6, and \$700 for each dependent in grades 7 to 12, for tuition, textbooks and transportation of each dependent in attending an elementary or secondary school located in Kansas, Oklahoma, Colorado, Nebraska or Missouri at which a resident of this state may legally fulfill the state's compulsory attendance laws, which is operated not-for-profit and which adheres to the provisions of the federal civil rights act of 1964 and to applicable Kansas laws against discrimination. As used in this paragraph: (1) "Textbooks" shall mean and include books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state and shall not include instructional books and materials used in the teaching of religious tenets, doctrines or worship, the purpose of which is to inculcate such tenets, doctrines or worship, nor shall it include such books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities or programs of a similar nature; and (2) "transportation" shall not include transportation to extracurricular activities, including sporting events, musical or dramatic events, speech activities or any other programs of a similar nature.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

New Sect. 2. The provisions of this act shall be applicable to all taxable years commencing after December 31, 1988.

Sec. 3. K.S.A. 1987 Supp. 79-32,117 is hereby repealed.

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



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Rev. 5/87

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February 1, 1989

TO: SENATE COMMITTEE ON ASSESSMENT AND TAXATION
FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS
RE: S.B. 5 (CORPORATE TAX RATES)

The Kansas League of Savings Institutions appreciates the opportunity to appear before the Senate Committee on Assessment and Taxation in support of Senate Bill No. 5 and to offer an amendment to the proposal relating to privilege tax rates.

The provisions of Senate Bill No. 5 would reduce the normal tax on corporations from 4-1/2% to 4-1/4% and the surtax tax from 2-1/4% to 2% while increasing the dollar amount to which the surtax is applicable from \$25,000 to \$50,000.

The Kansas League supports Senate Bill 5 as creating a more attractive business environment in the State and would request the committee's consideration of amending the bill to provide the same reduction formula in privilege tax rates applicable to savings and loan associations. A proposed amendment has been attached for your consideration.

While we cannot demonstrate a "windfall tax" impact as a result of the passage of the 1986 Tax Reform Act we do know that several of our members paid increased privilege taxes as a result of the mandated change from cash to accrual accounting. We have enclosed a memo on the impact of TRA 1986 on our members prepared by the League tax consultant, Peat, Marwick, Main and Company.

The major reason for requesting the attached amendment be made a part of Senate Bill 5 is to maintain the present equity between the corporate and privilege tax rates. Historically, the corporate and savings and loan privilege tax have been at the same rate and we therefore feel that a reduction in the corporate rate should also apply to the privilege tax rate.

Attachment 2
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Further, a reduction in the privilege tax rate for savings and loan associations would create a more equitable rate structure with commercial banks. The current bank privilege tax rate of 4-1/4% and 2-1/8% has been in effect since 1979. The surrounding states of Missouri, Nebraska, Oklahoma, and Colorado tax all financial institutions on an identical basis.

Accordingly, we would request that the committee maintain equity of rates and that any reduction in the corporate rate structure include a corresponding reduction in the privilege tax rate for all financial institutions.

James R. Turner
President

JRT:bw

Encl.

PROPOSED AMENDMENT TO SENATE BILL NO. 5

1. Amend the title to read as follows:

AN ACT relating to income taxation; concerning rates of liability imposed upon corporations, trust companies and savings and loan associations; amending K.S.A. 1988 Supp. 79-32,110, K.S.A. 1988 Supp. 79-1108, and repealing the existing sections.

2. Substitute the following as a new Sec. 2:

"K.S.A. 1988 Supp. 79-1108 is hereby amended to read as follows:

79-1108. Every trust company and savings and loan association located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(a) The normal tax on every trust company and savings and loan association shall be an amount equal to ~~4-1/2%~~ 4 1/4% of such net income; and

(b) the surtax on every trust company and savings and loan association shall be an amount equal to ~~2-1/4%~~ 2% of such net income in excess of \$50,000.

3. Substitute the following as a new Sec. 3:

The provision of this act shall be applicable to all taxable years commencing after December 31, 1988.

4. Substitute the following as a new Sec. 4:

K.S.A. 1988 Supp. 79-32,110 and K.S.A. 1988 Supp. 79-1108 are hereby repealed.

5. Substitute the following as a new Sec. 5:

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

Certified Public Accountants

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January 26, 1989

Mr. Jeff Sonnich
Kansas League of Savings
Institutions
700 Kansas Avenue, Suite 512
Topeka, Kansas 66603

Dear Jeff:

Kansas Privilege Tax

You have requested that we provide information to you regarding the Tax Reform Act of 1986 (TRA 1986) as it impacted the Kansas Privilege Tax for savings and loan associations. In addition to the following general information, we have enclosed a compilation of examples using actual client situations.

As you are aware, TRA 1986 imposed sweeping changes throughout the corporate world and many of its provisions will affect financial institutions and the business environment in which they operate. The following is a summary of the provisions and resulting impact on the Kansas Privilege Tax return:

	<u>Kansas Privilege Tax Impact</u>
I. Financial Institution Provisions	
A. Reserves for Bad Debts	No
B. Exempt Portfolio Interest	Yes
C. Reorganization of Troubled Thrift Institutions	Yes
D. Net Operating Losses	No
E. Depositor's Losses	No
F. ESOP Loan Interest	Yes
G. FHLMC Dividends	Yes
H. Credit Unions	No
I. Mortgage-backed Securities	Yes
II. Corporate Provisions	
A. Rate Reduction	No
B. Dividends Received Deduction	Yes
C. Alternate Tax on Capital Gains	No
D. Limitation on Net Operating Losses and Credits	No
E. Gain or Loss on Liquidating Sales and Distributions (General Utilities)	Yes



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	<u>Kansas Privilege Tax Impact</u>
F. Special Allocation Rules for Certain Asset Acquisitions	Yes
G. Stock Redemption Expenses	Yes
H. Corporate Minimum Tax	No
III. Depreciation and Related Provisions	
A. Depreciation of Real Property	Yes
B. Depreciation of Personal Property	Yes
C. Election to Expense Certain Depreciable Assets	Yes
D. Repeal of Investment Tax Credit	No
IV. Accounting Provisions	
A. Accrual Method of Accounting	Yes
B. Taxable Years of Partnerships	Yes
C. Installment Sales	Yes
D. Discharge of Indebtedness	Yes
V. Compliance and Administration	No
VI. Employee Benefits	Yes
VII. Consumer Products and Lending	Yes

Of course, the extent to which the above provisions impact the Kansas Privilege Tax is dependent; to a great extent, on individual situations. However, our experience has indicated that the following provisions most commonly affect a typical Kansas savings and loan association:

- . Accrual method of accounting,
- . Limitation of meals and entertainment deduction,
- . Dividends received deduction, and
- . Depreciation methods and lives.

Accrual Method of Accounting

Effective for taxable years beginning after December 31, 1986, corporations must use the accrual method of accounting for federal income tax purposes. An exception exists for corporations with average annual

Mr. Jeff Sonnich
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gross receipts of \$5,000,000 or less for the preceding three tax years. The accumulative cash versus accrual difference will be taken into income ratably over four years.

Limitation of Meals and Entertainment Deduction

TRA 1986 generally allows deductions for only 80% of meals and entertainment expenses, including meal expenses incurred in the course of travel away from home.

Dividends Received Deduction

The deductions for dividends received was reduced from 85% to 80% for dividends received or accrued after December 31, 1986. This percentage was further reduced to 70% if less than 20% of the distributing corporation is owned, under the Revenue Act of 1987.

Depreciation Methods and Lives

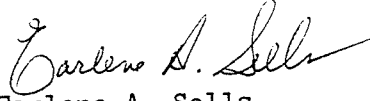
The modified accelerated cost recovery system (MACRS) was enacted as part of TRA 1986. Generally it requires greater accelerated methods and longer lives for personal property and straight-line methods over fixed lives for real property. Taxpayers are allowed to expense up to \$10,000 of property placed in service after December 31, 1986, instead of \$5,000 as before TRA 1986, unless total cost of property for the taxable year exceeds \$210,000.

As indicated by the attached compilation of actual client situations, the mandatory accrual method of accounting has been the major single factor increasing Kansas privilege taxable income.

If we can be of further assistance in this matter or any others, please call me.

Yours truly,

PEAT MARWICK MAIN & CO.


Earlene A. Sells
Senior Manager

KANSAS LEAGUE OF SAVINGS INSTITUTIONS

Research on Impact of Tax Reform Act of 1986

	<u>Example 1</u>	<u>Example 2</u>	<u>Example 3</u>	<u>Totals</u>
Tax year-end	December 31	June 30	December 31	
Basis of accounting:				
Before TRA 1986	Accrual	Cash	Cash	
After TRA 1986	Accrual	Accrual	Cash	
Taxable income under TRA 1986	\$ <u>3,577,000</u>	<u>1,050,000</u>	<u>(159,000)</u>	<u>4,468,000</u>
Effect of:				
Accrual method of accounting	-	(203,000)	-	(203,000)
Disallowance of 20% of meals and entertainment expense	-	(2,000)	-	(2,000)
Increase in dividends received deduction	1,000	13,000	-	14,000
Depreciation:				
Lives and methods	3,000	(1,000)	(4,000)	(2,000)
Expensing of additions	-	5,000	-	5,000
Net increase (decrease)	<u>4,000</u>	<u>(188,000)</u>	<u>(4,000)</u>	<u>(188,000)</u>
Taxable income based on law before TRA 1986	\$ <u>3,581,000</u>	<u>862,000</u>	<u>(163,000)</u>	<u>4,280,000</u>
*Increase (decrease) to Kansas Privilege Tax as a result of TRA 1986 (@ 6.75%)	\$ <u>(270)</u>	<u>12,690</u>	<u>270</u>	<u>12,690</u>

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JAMES R. TURNER, President • Suite 512 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 2, 1989

TO: SENATE COMMITTEE ON ASSESSMENT AND TAXATION
FROM: JIM TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS
RE: REQUEST FOR BILL INTRODUCTION

The Kansas League of Savings Institutions respectfully requests the consideration of the Senate Committee on Assessment and Taxation to introduce the attached proposed bill which addresses the privilege tax rate for Kansas savings and loan associations.

The proposed bill will reduce the privilege tax rates for savings and loan associations to the rate applicable to commercial banks in Kansas and end an inequity that has existed for the past ten years.

James R. Turner
President

JRT:bw

Encl.

PROPOSED BILL

AN ACT relating to taxation; concerning rates of liability imposed upon trust companies and savings and loan associations; amending K.S.A. 1988 Supp. 79-1108, and repealing the existing sections.

1. Amend K.S.A. 79-1108 as follows:

79-1108. Every trust company and savings and loan association located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

- a. The normal tax on every trust company and savings and loan association shall be an amount equal to ~~4-1/2%~~ 4-1/4% of such net income; and
- b. The surtax on every trust company and savings and loan association shall be an amount equal to ~~2-1/4%~~ 2-1/8% of such net income in excess of \$25,000.

2. Section 2:

The provision of this act shall be applicable to all taxable years commencing after December 31, 1988.

3. Section 3:

K.S.A. 1988 Supp. 79-1108 is hereby repealed.

4. Section 4:

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

79-1107. National banking associations and state banks; tax imposed; rate. Every national banking association and state bank located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(a) The normal tax shall be an amount equal to $4\frac{1}{4}\%$ of such net income; and

(b) the surtax shall be an amount equal to $2\frac{1}{8}\%$ of such net income in excess of \$25,000.

The tax levied shall be in lieu of ad valorem taxes which might otherwise be imposed by the state or political subdivisions thereof upon shares of capital stock or the intangible assets of national banking associations and state banks. The state of Kansas hereby adopts the method numbered (4) authorized by the act of March 25, 1926, amending section 5219 of the revised statutes of the United States (12 U.S.C.A. 548), relating to the manner and place of taxing national banking associations located within its limits.

History: L. 1963, ch. 463, § 2; L. 1968, ch. 142, § 1; L. 1970, ch. 382, § 1; L. 1972, ch. 359, § 1; L. 1979, ch. 314, § 1; L. 1987, ch. 374, § 1; July 1.

Cross References to Related Sections:

Tax credit for investment in stock of Kansas Venture Capital, Inc., see 74-8205.

Attorney General's Opinions:

Tangible personal property of bank is not exempt from taxation. 87-32.

79-1108. Trust companies and savings and loan associations; tax imposed; rate. Every trust company and savings and loan association located or doing business within the state shall pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding taxable year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(a) The normal tax on every trust company and savings and loan association shall be an amount equal to $4\frac{1}{2}\%$ of such net income; and

(b) the surtax on every trust company and savings and loan association shall be an amount equal to $2\frac{1}{4}\%$ of such net income in excess of \$25,000.

The tax levied shall be in lieu of ad valorem taxes which might otherwise be imposed by the state or political subdivision thereof upon shares of capital stock or other intangible assets of trust companies and savings and loan associations.

History: L. 1963, ch. 463, § 3; L. 1968, ch. 142, § 2; L. 1970, ch. 382, § 2; L. 1972, ch. 359, § 2; L. 1987, ch. 374, § 2; July 1.

Cross References to Related Sections:

Tax credit for investment in stock of Kansas Venture Capital, Inc., see 74-8205.