

Approved _____

Date

MINUTES OF THE House COMMITTEE ON Taxation

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

1:30 ~~am~~ p.m. on April 24, 1990 in room 526-S of the Capitol.

All members were present except:

Representative Crowell, excused

Committee staff present:

Tom Severn, Research Department
Don Hayward, Revisor's Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Senator Phil Martin
Representative Lawrence Wilbert
Harland Priddle, Secretary of Commerce
Mark Burghart, General Counsel, Department of Revenue
William Giles, Kansas Coal Commission
David Utermoehlen, Alternate Fuels, Inc.
Bob Corkins, Kansas Chamber of Commerce & Industry
Mike Reecht, AT&T

A motion was made by Representative Lowther, seconded by Representative Smith, to introduce a bill similar to SB 602, affecting Lyon County. The motion carried.

A motion was made by Representative Wagnon, seconded by Representative Aylward, to introduce a bill for a property tax rollback: a ¼¢ state sales tax increase, an income tax increase for incomes above \$100,000, and removal of Kansas sales tax exemptions as shown on (Attachment 1). The motion carried.

The Chairman requested the Committee to turn to SB 270.

Senator Martin testified in support of SB 270, stating that the reason that this bill should be passed is that the revenues would be used for exploring clean coal technology to allow the burning of Kansas coal, and would be very beneficial to the Kansas coal economy.

Harland Priddle, Secretary of Commerce, testified in support of SB 270, stating that the one-cent per ton tax would generate approximately \$125,000 to be used for exploring clean coal technology to allow the burning of Kansas coal within the coal-fired systems of Kansas. (Attachment 2)

Secretary Priddle also read from written testimony by Dennis Meier, Triad Mining Consultants, in support of SB 270. (Attachment 3)

William Giles, Kansas Coal Commission, testified in support of SB 270, stating that the Kansas coal market is in dire need of a good boost. (Attachment 4)

David Utermoehlen, Alternate Fuels, Inc., testified in support of SB 270, stating that the time is right for Kansas to implement its own clean coal technology fund program. (Attachment 5)

Representative Wilbert testified in support of SB 270, stating that with the new technology there would be a big demand for Kansas coal and more mines would open in southeast Kansas.

Chairman Roe concluded the hearing on SB 270.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,
room 526-S, Statehouse, at 1:30 ~~xxx~~/p.m. on April 24, 1990.

The Committee was instructed to turn to SB 491.

Mark Burghart, Department of Revenue, testified in support of SB 491, stating that, under the bill, expenses related to the production of interest income would be deductible if the interest income itself is subject to taxation by the state of Kansas. (Attachment 6)

The Chairman concluded the hearing on SB 491.

Chairman Roe instructed the Committee to turn to SB 492.

Mark Burghart, Department of Revenue, testified in support of SB 492, stating that it would allow the posting of cash receipts to interest bearing accounts as quickly as possible. (Attachment 7)

Bob Corkins, KCCI, testified in support of SB 492, and requested that all taxpayers have the option of paying any taxes or fees to the Department of Revenue by means of a certified check which would be received by the Department no later than the due date for the return. (Attachment 8)

Mike Reeht, AT&T, testified that they request an amendment to SB 492: "that the Secretary of Revenue may by rule prescribe alternative periodic filing and payment dates later than the dates otherwise provided by law for any taxes collected by the department in those instances where it is considered to be in the best interest of the State. An alternative date may not be later than the last day of the month in which the tax was otherwise due." (Attachment 9)

Chairman Roe concluded the hearing on SB 492.

The Chairman directed the Committee to turn to SB 493.

Mark Burghart, Department of Revenue, testified in support of SB 493, stating that this bill would clarify the existing local sales tax statute by specifying that the taxable situs for telephone answering services is the location of the user or subscriber. (Attachment 10)

The Chairman concluded the hearing on SB 493.

Chairman Roe directed the Committee to turn to SB 494.

Mark Burghart, Department of Revenue, testified in support of SB 494, stating that it changes the filing date for homestead property tax refund claims from October 15 to April 15, effective for tax years commencing after December 31, 1989. (Attachment 11)

The Chairman concluded the hearing on SB 494.

Chairman Roe directed the Committee to turn to SB 496.

Mark Burghart, Department of Revenue, testified in support of SB 496, stating that this bill eliminates the differences between transient guest tax and sales tax and would eliminate the confusion when tax returns are filed. (Attachment 12)

The Chairman concluded the hearing on SB 496.

Chairman Roe directed the Committee to turn to SB 270.

A motion was made by Representative Fry, seconded by Representative Adam, to report SB 270 favorable for passage.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,

room 526-S, Statehouse, at 1:00 ~~am~~/p.m. on April 24, 1990.

A substitute motion was made by Representative Guldner, seconded by Representative Shore, to amend SB 270 to exempt Sunflower generating plant from the provisions of this bill. The substitute motion failed.

The Chairman directed the Committee back to the original motion by Representative Fry to report SB 270 favorable for passage.

A substitute motion was made by Representative Spaniol, seconded by Representative Guldner, to table SB 270. The substitute motion passed with a vote count of 11 yeas and 7 nays.

The Chairman directed the Committee to turn to HB 2852.

A motion was made by Representative Harder, seconded by Representative Branson, to report HB 2852 favorable for passage. The motion carried.

The minutes of April 5, 1990, were approved.

A motion was made by Representative Wagon, seconded by Representative Snowbarger, to report SB 491 favorably. The motion carried.

A motion was made by Representative Vancrum, seconded by Representative Wagon, to amend SB 492 in line 22 from \$32,000 to \$100,000, and in line 23 from \$8,000 to \$100,000. The motion carried.

A motion was made by Representative Lowther, seconded by Representative Aylward, to amend SB 492 by adding the language suggested by AT&T as shown on (Attachment 9). The motion carried.

A motion was made by Representative Vancrum, seconded by Representative Spaniol, to report SB 492 favorable as amended. The motion carried.

A motion was made by Representative Guldner, seconded by Representative Shore, to amend SB 493 to state that motor vehicle sales tax be paid where the buyer lives.

A substitute motion was made by Representative Snowbarger, seconded by Representative Spaniol, to table SB 493. The motion failed, with a vote count of 10 nays and 9 yeas.

The Chairman directed the Committee to return to the original motion by Representative Guldner to amend SB 493. The original motion failed with a vote count of 12 nays and 8 yeas.

A motion was made by Representative Snowbarger, seconded by Representative Guldner, to report SB 493 favorably. The motion failed.

A motion was made by Representative Wagon, seconded by Representative Adam, to report SB 494 favorably.

A substitute motion was made by Representative Dean, seconded by Representative Reardon, to amend SB 494 on page 3 lines 23 and 24, and on page 6, line 31, to restore the original language of "October 15." The motion carried.

A motion was made by Representative Reardon, seconded by Representative Wagon to report SB 494 favorable as amended. The motion failed with a vote count of 11 nays and 10 yeas.

The Committee discussed but did not take action on SB 496.

The meeting adjourned at 3:10 p.m.

HOUSE COMMITTEE ON TAXATION

DATE 4/24/90

NAME	ADDRESS	REPRESENTING
Bob Corkins	Topeka	KCCI
BOB CLESTER	TOPEKA	Ks. Lottery
Barbara Frick	Topeka	Ks. Lottery
David Utermoehlen	Pittsburg, Ks.	Alternate Fuels Tax.
TERRY DENKER	TOPEKA	KS. BD. of AG.
BILL GILES	PITTSBURG, KS	UNITED MINE WORKERS
Sue Johnson	Pittsburg, Ks.	
NORMAN REYNOLDS	TOPEKA	KASB
FRANCES KASTNER	Topeka	Ks. Food Dealers Assn.
Curt Carpenter	Great Bend	Centel
Harriet Lange	Topeka	Ks. Assn. of Broadcasters
Ku Bahr	Topeka	4th. Amendment USD's
Tom Bell	"	Ks. Hosp. Assn.
BILL HENRY	TOPEKA	Philip Morris USA
TRUDY ARON	"	Ks. Soc. of ARCHITECTS
RON SOMMERS	TOPEKA	JETZ SERV. CO.
George Barbee	Topeka	Barbee & Associates
Julie Hein	Topeka	Hein & Ebert
Bev BRADLEY	TOPEKA	Ks. Assoc. of Counties
Bill Dean	O.P.	Pitman & Associates
Jersey Conrad	Blau	KGE
Jim Gartner	Topeka	SWBT
WANDA KOITHAN	TOPEKA	KDOT

JOAN WAGNON

REPRESENTATIVE, FIFTY-FIFTH DISTRICT

1606 BOSWELL

TOPEKA, KANSAS 66604

(913) 235-5881

OFFICE:

STATE CAPITOL, 278-W

TOPEKA, KANSAS 66612

(913) 296-7647



TOPEKA

HOUSE OF
REPRESENTATIVES

DEMOCRAT AGENDA CHAIR

COMMITTEE ASSIGNMENTS

RANKING MINORITY MEMBER: TAXATION
MEMBER: FEDERAL AND STATE AFFAIRS

Sales Tax Exemptions to be removed:

KSA 79-3603

- | | |
|--|-----|
| (b) Interstate telephone, with exemption for tele-
marketing firms | 5.0 |
| (e) Amusements, entertainment or recreation
sponsored by political subdivision, or
triennial historical events | 0.4 |
| (g) Hotel/motel rooms rented more than 28 days | 0.6 |
| (i) Coin-operated laundry | 0.9 |
| (q) <u>ADD</u> : janitorial services | 2.5 |

KSA 79-3606

- | | |
|---|---------|
| (d) Contractor exemption, <u>but</u> materials purchased
directly by non-profit hospitals, educational
institutions or political subdivisions will be
exempt | unknown |
| (h) Rentals of textbooks by elementary/secondary
schools | 0.3 |
| (t) Property/services purchased by groundwater-
management districts | 0.1 |
| (ee) New/used machinery for businesses in
enterprise zones | 1.0 |
| (gg) Lottery tickets | 2.0 |
| (oo) Seeds, etc for CRP program | 0.4 |
| (qq) Personal property purchased by community
groups for weatherization low income housing | 0.1 |
| (ss) Personal property/services purchased by
non-profit museum or historical society | 0.2 |
| (tt) Tickets to annual events such as Railroad Days | 0.1 |

ADD: Services provided by licensed cosmetologists and
barbers, including haircuts, sculptured nails, etc. 9.0

*4/24/90
Attachment 1*

Testimony

on

Senate Bill 270

Presented to:

House Taxation Committee

by

Harland E. Priddle

Secretary of Commerce

April 24, 1990

4/24/90
Attachment 2

Mr. Chairman and Members of the Committee:

I am pleased to speak on behalf of the Kansas Coal Commission and their expressed interest in Senate Bill 270. As a way of review, the Kansas Coal Commission was appointed as a result of legislative action during the 1987 session. Responsibilities assigned to the Commission included the investigation of possible new and expanding markets for Kansas coal, the investigation of new technology which would enhance the consumption of Kansas coal, and other issues related to the retention of an \$8 billion coal reserve in the state of Kansas. The Kansas Coal Commission completed its work and forwarded a copy of their report to the legislature last year, resulting with the introduction of five separate bills designed to assist the retention of the coal industry within the State. One of those bills is Senate Bill 270.

At the concluding meeting of the Kansas Coal Commission on January 4 and as a wrap up to the sunset actions of the commission, the Kansas Coal Commission expressed an interest in reintroduction of the issue as outlined in Senate Bill 270. This bill basically prescribes the assessment of a fee for each ton of coal burned in Kansas utility companies as a source for funding a Coal Technology Fund. The original level, as suggested by the bill introduced last year, was five cents per ton. The Kansas Coal Commission believes a more realistic and practical fee of one cent should be considered. This would generate approximately \$125,000 to be used for exploring clean coal technology to allow the burning of Kansas coal within the coal-fired systems of Kansas.

Testimony

Senate Bill 270

Page 2

In the event this committee favorably considers this bill, the Coal Commission will administer the fund and continue to explore ways for the retention of the \$8 billion industry of coal in the state of Kansas.

Mr. Chairman, there are other individuals here from the Coal Commission who wish to express their opinions. I would stand for any questions the committee may have.



MINE PLANNING AND DEVELOPMENT • PERMITTING • RECLAMATION

4TH AND BROADWAY • P.O. BOX 1507 • PITTSBURG, KS 66762 • (316) 231-5660

HONORABLE MEMBERS
OF THE
HOUSE TAXATION COMMITTEE

Before you for your consideration is Senate Bill 270 which allows for the assessment of one cent per ton on all coal burned in the State of Kansas. This insignificant assessment which will generate approximately \$120,000 per year is to be placed in a Coal Technology Fund to be managed by the Kansas Coal Commission.

As a member of the Kansas Coal Commission for the past two (2) years, we have studied and analyzed in depth, the Kansas Coal Industry and its shrinking markets. As you well know, Kansas coal reserves and its mining industry represent a vast source of potential wealth for the State of Kansas. Unfortunately, our coal reserves contain high levels of sulfur, and are therefore, vulnerable in today's environmentally concerned marketplace.

We are not alone in this dilemma, however. Most of the midwest coal reserves are high sulfur. Because of this, the midwestern states have successfully lobbied in Washington to establish a \$500 million Clean Coal Technology Fund to be used to fund innovative techniques to remove air pollutants.

The passage of SB 270 will provide the "seed money" necessary for Kansas to compete with other regional states for matching federal funds.

It is in the overall best interest of the State of Kansas to encourage the use of Kansas mined coal; and, thereby maintain a balance in fuel supply marketing conditions. With almost all Kansas utility coal coming from low sulfur coal produced in Wyoming, the State of Wyoming has the power through coal taxes to transfer much of the cost of State government to the citizens of Kansas. An over reliance on any one fuel source for the generation of electricity could make Kansas citizens vulnerable to supply and price disruptions.

A minor investment in the Kansas Coal Industry at this juncture could produce tremendous gains in the future. Without this investment, the mere survival of the industry is questionable.

I thank you for your time, and urge you to approve Senate Bill 270.

Sincerely,

Dennis R. Meier

Dennis R. Meier, P.E.
Triad Mining Consultants
Member, Kansas Coal Commission

4/24/90

Attachment 3

T E S T I M O N Y
P R E S E N T E D T O :

THE HOUSE TAXATION COMMITTEE

ON

SENATE BILL 270

BY

WILLIAM GILES
DISTRICT #14, PRESIDENT
UNITED MINE WORKERS OF AMERICA

AND

A MEMBER OF THE KANSAS COAL COMMISSION

APRIL 24, 1990

4/24/90
Attachment 4

GOOD AFTERNOON, COMMITTEE MEMBERS!

I AM HERE SUPPORTING SENATE BILL 270 BECAUSE THIS BILL WOULD PRODUCE MONIES FOR GRANTS IN AID TO ANY PROJECT WHICH QUALIFIES FOR FEDERAL COST-SHARING UNDER THE FEDERAL CLEAN COAL TECHNOLOGY PROGRAM AND INVOLVES TECHNOLOGY RESULTING IN THE INCREASED USAGE OF KANSAS MINED COAL.

AS ALL OF YOU KNOW BY NOW, THE KANSAS COAL MARKET IS IN DIRE NEED OF A GOOD BOOST. IT IS AT THE LOWEST THAT THIS MARKET HAS EVER BEEN. YET, KANSAS IS USING MORE AND MORE COAL FROM OUT-OF-STATE. THIS DOES NOT PROVIDE JOBS, OR MONEY, BACK TO KANSAS. IN THE LONG RUN, IT IS GOING TO COST US EACH AND EVERYONE. THIS BILL JUST HELPS PROVIDE A LIGHT AT THE END OF A VERY LONG TUNNEL.

AS YOU ALL KNOW, THE FEDERAL GOVERNMENT WILL BE PASSING AN AMENDMENT TO THE 1977 CLEAN AIR ACT THIS YEAR. THIS ACTION ALONE IS GOING TO COST SMALL BUSINESSES, CITIES, FARMERS, GAS AND OIL INDUSTRY, AND YES, COAL MINERS, THEIR JOBS.

WHAT THIS BILL ALLOWS IS FOR THE COAL THAT IS BEING BURNED IN THE STATE OF KANSAS TO PROVIDE MONIES TO KANSAS UNIVERSITIES AND OTHER NON-PROFIT INSTITUTIONS TO PERFORM STUDIES AND DESIRING TO INSTALL FACILITIES WHICH WILL BURN KANSAS COAL AND MEET THE REQUIRED E.P.A. LAWS.

I URGE EACH OF YOU TO HELP US SAVE THE KANSAS COAL MARKET BY FAVORABLE CONSIDERATION OF THIS BILL.

THANK YOU.

April 24, 1990

Rep. Keith Roe, Chairperson
House Taxation Committee
Statehouse Room 112-S
Topeka, KS 66612

Subject: Senate Bill No. 270

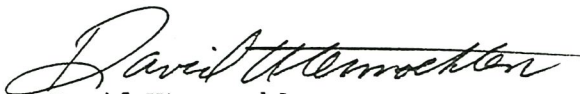
Dear Representative:

My name is Dave Utermoehlen, President of Alternate Fuels, Inc., a surface coal mine located north of Pittsburg, Kansas. I support Senate Bill 270. Last year, the Kansas Coal Commission (KCC) membership promoted several legislative bills reflecting the recommendations detailed in the Kansas Coal Utilization Study prepared by J. E. Sinor Consultants, Inc. submitted in November, 1988. This study was developed as mandated by the K.C.C. to explore innovative ideas to improve the Kansas coal industry.

One recommendation from this study was the establishment of the "Clean Coal Technology Fund". This fund would provide the needed financial assistance for a future clean coal technology project. This fund, for example, could target a smaller existing coal burning facility to implement the Federal Department of Energy (D.O.E.) recommendations as outlined at the 1989 Fourth Annual Clean Coal Technology Conference held in Washington, D.C. Senate Bill 270 imposes a one cent per ton tax to all coal fired utilities. This tax is estimated to generate over \$146,000 per year towards establishing a long-term research fund. Kansas burned over 14.685 million tons of coal in 1989. However, only about 800,000 tons of coal was Kansas produced. This usage of out of state coal creates an enormous balance of trade deficit in Kansas!!

With the recently passed federal legislation mandating more stringent air emission regulations, it seems the time is right for Kansas to implement its own clean coal technology fund program. The economic condition of all of Kansas could only improve by utilizing its own natural resource--coal.

Very truly yours,



David Utermoehlen
President, Alternate Fuels, Inc.
Member, Kansas Coal Commission

DU:kl



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary

Robert B Docking State Office Building

915 SW Harrison St

Topeka Kansas 66612-1588

To: The Honorable Keith Roe, Chairman
House Committee on Taxation

From: Mark A. Burghart, General Counsel
Department of Revenue

Date: April 24, 1990

Subject: S.B. 491

Thank you for the opportunity to appear in support of S.B. 491. Under the bill, expenses related to the production of interest income would be deductible if the interest income itself is subject to taxation by the state of Kansas. The following two examples will assist in explaining the intent of the bill.

EXAMPLE NO. 1.

Under present law, the state of Kansas taxes interest on municipal bonds issued prior to 1988 but the federal government does not. Since the federal government does not tax this form of income, it does not allow a deduction for expenses associated with its production to arrive at federal adjusted gross income. Since there is no specific Kansas modification to federal adjusted gross income to allow for such a deduction, taxpayers are not allowed to deduct expenses associated with the production of this taxable income. S.B. 491 would remedy this inequity.

EXAMPLE NO. 2.

Under present law, the federal government taxes interest on federal obligations and the state of Kansas does not. Because it taxes this income, the federal government allows a deduction for expenses incurred in acquiring and carrying these federal obligations. The deduction is taken into account to arrive at federal adjusted gross income. The state of Kansas then allows the deduction despite the fact that the income from the federal obligations is not taxed by the state. S.B. 491 also remedies this inequity by disallowing the deduction.

Simply stated, the bill allows for the deduction of expenses associated with the acquisition of interest earning assets to the extent that the interest income is subject to income taxation by the state of Kansas. The bill provides a measure of equity both to the taxpayer and to the state.

The Department urges your favorable consideration of the bill. I would be happy to answer any questions you might have.

General Information (913) 296-3909

Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381

Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081

Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

4/24/90

Attachment 6



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary
Robert B Docking State Office Building
915 SW Harrison St
Topeka Kansas 66612-1588

To: The Honorable Keith Roe Chairman
House Committee on Taxation

From: Mark A. Burghart, General Counsel
Department of Revenue

Date: April 24, 1990

Subject: S.B. 492

Thank you for the opportunity to appear in support of S.B. 492. The bill would authorize the Secretary of Revenue to require the payment of any taxes or fees through electronic funds transfer. The bill was amended by the Senate Committee to establish tax amounts below which electronic funds transfer could not be required by the Secretary. (annual liabilities of \$8,000 for withholding and \$32,000 for sales tax) At least initially, the Department intends to use the provisions only on the largest accounts, i.e., \$100,000 or greater.

Methods available to the Secretary would include: (1) automated clearing house debit; (2) automated clearing house credit; (3) wire-transfer through the federal reserve system; and (4) certified check received by the department no later than the date required for the remittance. The particular method chosen by the Secretary would be selected with the approval of the State Treasurer.

The purpose of the legislation is to allow the posting of cash receipts to interest bearing accounts as quickly as possible. We urge the House Committee's favorable consideration of the bill. I would be happy to respond to any questions you might have.

General Information (913) 296-3909
Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381
Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081
Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

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Attachment 7

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 Bank IV Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

SB 492

April 24, 1990

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Taxation Committee

by

Bob Corkins
Director of Taxation

Mr. Chairman and members of the Committee:

My name is Bob Corkins, director of taxation for the Kansas Chamber of Commerce and Industry and I thank you for the chance to voice our support for SB 492 with the following qualifications.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

We believe that an additional safeguard is necessary in this proposal to prevent an undue burden on small businesses across Kansas. Though SB 492 exempts certain small firms

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Attachment 8

from filing electronic returns, there are many remaining businesses which still do not have easy access to wire transfer services or which do not have the necessary degree of computerization to comply with such new remittance requirements. It would mean an even greater expense and inconvenience in light of the fact that these businesses are performing an uncompensated collection service for the state.

KCCI recommends that an alternative remittance procedure be included in this proposal. All taxpayers should have the option of paying any taxes or fees to the department of revenue by means of a certified check which would be received by the department no later than the due date for the return. Language to this effect has been proposed in other EFT legislation included in the circuit breaker bills HB 2620, HB 2670 and HB 2930.

Considering that other states which have implemented EFT set much higher thresholds before EFT remittance is mandatory, this certified check procedure is even more important. Currently, the lowest thresholds are used by Iowa which requires EFT payment when withholding remittances exceed \$192,000 annually and when sales tax remittances exceed \$96,000 annually. With the safeguard included, however, KCCI believes that this could be an efficient and cost-saving procedure in the long run for all parties involved.

Thank you again for your time and consideration.



AT&T

Mike Reecht
State Director
Government Relations
Kansas

Capitol Tower
400 SW 8th Street, Suite 301
Topeka, KS 66603
Phone (913) 232-2128

Rep. Keith Roe
Chairman - Taxation Committee
State Capitol 112S
Topeka, Kansas 66612

Chairman Roe:

The following is a proposed text change in SB 492 that gives the Secretary of Revenue additional flexibility in determining the effective use of EFT in the collection of sales tax revenue.

"...the Secretary of Revenue may by rule prescribe alternative periodic filing and payment dates later than the dates otherwise provided by law for any taxes collected by the department in those instances where it is considered to be in the best interest of the State. An alternative date may not be later than the last day of the month in which the tax was otherwise due."

Your consideration of this change is requested.

Mike Reecht

cc: Members of House Taxation Committee
Department of Revenue

4/24/90
Attachment 9



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary
Robert B Docking State Office Building
915 SW Harrison St
Topeka Kansas 66612-1588

To: The Honorable Keith Roe, Chairman
House Committee on Taxation

From: Mark A. Burghart, General Counsel
Kansas Department of Revenue

Date: April 24 1990

Subject: S.B. 493

Thank you for the opportunity to appear in support of S.B. 493. The bill would clarify the existing local sales tax statute by specifying that the taxable situs for telephone answering services is the location of the user or subscriber. The 1988 Legislature imposed state and local sales tax on telephone answering services including mobile phone services, beeper services and other similar services. Since that time concerns have been expressed as to which local unit is entitled to the tax when the provider and subscriber reside in different taxing units.

The bill would eliminate any uncertainty as to the taxable situs of such services. K.S.A. 1989 Supp. 12-191 currently provides that the customer's situs will determine local tax for purposes of gas, water, electricity, heat and regular telephone services. The bill would not affect local revenues as such, but would affect how those revenues are distributed to the local units by the Department of Revenue.

I would be happy to respond to any questions you might have.

General Information (913) 296-3909
Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381
Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081
Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

4/24/90

Attachment 10



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary
Robert B Docking State Office Building
915 SW Harrison St
Topeka Kansas 66612-1588

To: The Honorable Keith Roe, Chairman
House Committee on Taxation

From: Mark A. Burghart, General Counsel
Kansas Department of Revenue

Date: April 24, 1990

Subject: S.B. 494

Thank you for the opportunity to appear and express the Department of Revenue's support for S.B. 494. The bill changes the filing date for homestead property tax refund claims from October 15 to April 15. The change would be effective for tax years commencing after December 31, 1989.

During process year 1989, 63,946 out of 70,561 (91%) of the homestead claims were received by April 21 despite the fact that the filing deadline is October 15. Many of the claims filed after April but before October 15 are actually duplicate claims or where claimants are attempting to file early for a subsequent years' refund.

The Senate Committee amended the bill to provide that the food sales tax refund authorized by K.S.A. 79-3635 also be claimed by April 15 of each year.

I would be happy to respond to any questions you might have.

General Information (913) 296-3909
Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381
Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081
Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

4/24/90

attachment 11



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary

Robert B Docking State Office Building

915 SW Harrison St

Topeka Kansas 66612-1588

To: The Honorable Keith Roe, Chairman
House Committee on Taxation

From: Mark A. Burghart, General Counsel
Kansas Department of Revenue

Date: April 24, 1990

Subject: S. B. 496

Thank you for the opportunity to appear and express the Department of Revenue's support for S.B. 496. The bill provides for two changes to the transient guest tax statutes. First, the bill changes the filing date from on or before the last day of the month immediately succeeding the month in which the tax is collected to on or before the 25th day of the month immediately succeeding the month in which the tax is collected. The filing date would then be the same as for sales tax returns.

The bill also changes the failure-to-file period for imposition of a 25% negligence penalty from 30 days after notice of the delinquency to 60 days of the return's due date. This change would make the transient guest tax penalty and interest provisions identical to the sales tax penalty and interest provisions. The conformity measure should eliminate taxpayer confusion, thereby increasing compliance and efficiency.

I would be happy to respond to any questions you might have.

General Information (913) 296-3909

Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381

Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081

Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

4/24/90

Attachment 12