

Approved THURS. 2-20-92
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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

11:00 a.m./~~pm~~ on Tuesday, February 18, 1992 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Mark Burghart, General Counsel, Department of Revenue
Steve Neska, Research Dept., Department of Revenue
Tom Kirker, Special Assistant-Wildlife and Parks Department

Senator Dan Thiessen called the meeting to order at 11:05 a.m. and said the agenda for today is a hearing on **SB576, SB577 and SB578** and he recognized Mark Burghart, General Legal Counsel, Department of Revenue, to review the bills for the committee.

SB576: Payment of taxes by credit card allowed.

Mark Burghart said **SB576** would allow taxpayers to use credit cards to pay any of the taxes or fees administered by the Director of Taxation. The Director also would be authorized to establish a fee to be added to each credit card transaction.

He said, the bill is not mandatory. It merely provides the opportunity for taxpayers to pay their tax liability by means of a credit card. He said, taxpayers would avoid penalty and interest at 18% which is assessed for late payment under the current law. He said, the taxpayer would place their credit card number in a space designated on the tax return, and the Department would verify their number on terminals provided by the credit card company which would be located within the Department's fiscal section.

(ATTACHMENT 1)

After committee discussion, Chairman Thiessen recognized Steve Neska, Department of Revenue.

Steve Neska, Department of Revenue-Research Department said he had talked with the Department in California and they were just getting initiated into the pilot program, and had very little participation. He said Minnesota was about the closest and they were going to start this past tax year, and he said they too, did not have any hard numbers for participation. He said there were some State's for using other taxes or registering fees, and he said they did not contact them. He said, they have no hard facts, to date, that would tell them what percentage of tax to use.

The Chairman concluded hearings on **SB576** and turned attention to **SB577**.

SB577: Distribution of money received from royalties from the taking of sand.

Mark Burghart said **SB577** eliminates an inconsistency in the current statutes regarding the manner in which sand royalties are distributed to water districts. He said they may need a technical amendment, he referred the committee's attention to statute 82a-309, at the end of the 1st paragraph, by striking as is provided in K.S.A. 70-102. (Attachment 2)

Chairman Thiessen turned attention to **SB578**.

SB578: Disclosure of tax information.

Mark Burghart said **SB578** would authorize the disclosure of certain information derived from returns and reports filed with the Director of Taxation to other state agencies. He said, specifically the bill would allow the disclosure of a taxpayer's name, last known address and residency status to the Department of Wildlife and Parks to be used solely

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m. ~~pm~~ on Tuesday, February 18, 1992

in it's license fraud investigations, and a reciprocal exchange agreement with the secretary of human resources for the purpose of identifying taxpayers who have failed to file a return or pay the tax under any of the provisions administered by the Department of Revenue and the Department of Human Resources. (ATTACHMENT 3)

Tom Kirker, Special Assistant-Wildlife and Parks Department delivered testimony from the office of Jack Lacey, Secretary, Department of Wildlife and Parks.

Mr. Kirker said the Department believes it will help the Department of Revenue detect fraudulent tax returns and verify residency status of tax evaders, which may enable the Department of Revenue to collect up to \$100,000 dollars of heretofore uncollected taxes.

He said, they feel it would help Wildlife and Parks cut down on license fraud, especially with deer and lifetime hunting licenses. (ATTACHMENT 4)

Senator Steineger said that the language is different on page 3 than page 4 in **SB578**. He said on page 3, it specifically states the taxpayer's name, social security number, last known address and total tax liability, and on page 4, New Section 3 is a reciprocal exchange agreement for the purpose of identifying taxpayers who have failed to file a return or pay the tax, penalty and interest required.

He said, the language of New Sec.3 is important with the language being added on page 3. He said, the difference in the language means that there is something else on Human Resources.

Don Hayward said that Sec.3 seems to be a magnetism for the Department to identify people who have failed to pay or file, and the language on Page 3 talks in terms of them sharing their filing information with others.

The Chairman turned attention to **SB576** the credit card bill.

Senator Jack Steineger moved to favorably pass SB576, 2nd by Senator Gerald Karr. The motion carried.

Senator Don Montgomery made a motion to technically amend **SB577** by adding a section to delete a statutory reference to the section amended in the bill, 2nd by Senator Audrey Langworthy. The motion carried.

Senator Janis Lee moved to favorably pass **SB577** as amended, 2nd by Senator Audrey Langworthy. The motion carried.

The Chairman, turned attention to **SB578** and a committee member asked for more time to be able to make an amendment to **SB578**.

Senator Sheila Frahm moved to adopt the minutes of February 17, 1992, 2nd by Senator Audrey Langworthy. The motion carried.

Chairman Dan Thiessen adjourned the meeting at 11:48 a.m.

STATE OF KANSAS



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Department of Revenue
Legal Services Bureau

MEMORANDUM

To: The Honorable Dan Thiessen, Chairman
Senate Committee on Assessment and Taxation

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

Date: February 17, 1992

Subject: Senate Bill No. 576

Thank you for the opportunity to appear in support of S.B. 576. The bill would allow taxpayers to use credit cards to pay any of the taxes or fees administered by the Director of Taxation. The Director also would be authorized to establish a fee to be added to each credit card transaction.

The bill is not mandatory. It merely provides the opportunity for taxpayers to pay their tax liability by means of a credit card. The ability to charge a tax liability and spread payment over a number of months would entice some taxpayers, who would otherwise be delinquent, to file and pay promptly. Such taxpayers would avoid penalty and interest at 18% which is assessed for late payment under the current law. It is believed that the use of credit cards will reduce the number of bad checks received by the Department. It is also important to note that credit cards would only be accepted for timely filed returns. It is highly unlikely that a credit card company would want to assume the risks of collection associated with a delinquent taxpayer.

Under the system we envision, taxpayers would merely place their credit card number in a space designated on the tax return. Once the return is received by the Department, the account would be verified on terminals provided by the credit card company which would be located within the Department's fiscal section. The credit card company would then immediately transfer the amount of the tax liability to the appropriate state account. Preliminary discussions with representatives of a local bank card company which processes bank card transactions for many area banks, indicate that the dollar volumes would be such that the authorization/validation equipment could be provided to the Department free of charge.

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2-18-92
ATT. 1-1

The Honorable Dan Thiessen

February 17, 1992

Page 2

Fourteen states now authorize in varying degrees the use of credit cards to pay state taxes or fees. These include: Maryland, California, Wisconsin, Montana, Vermont, Ohio, Texas, Alaska, North Carolina, Missouri, Indiana, Alabama, Minnesota, and Arkansas.

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

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MEMORANDUM

To: The Honorable Dan Thiessen, Chairman
Senate Committee on Assessment and Taxation

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

Date: February 18, 1992

Subject: Senate Bill No. 577

Thank you for the opportunity to appear in support of S.B. 577. The bill eliminates an inconsistency in the current statutes regarding the manner in which sand royalties are distributed to water districts.

K.S.A. 1991 Supp. 70a-102 specifies that one-third of the sand royalties collected be distributed to water districts and two-thirds of the royalties be retained in the state general fund. K.S.A. 70a-105 further provides that the royalties are to be distributed "as provided by K.S.A. 82a-309." K.S.A. 82a-309 directs that one-half of the sand royalties are to be distributed to the water districts and one-half is to be retained by the state.

The bill deletes subsection (b) of K.S.A. 1991 Supp. 70a-102. The effect of this change is to require the distribution to be made in accordance with K.S.A. 82a-309. This amendment merely codifies existing policy.

A technical amendment should be made in K.S.A. 82a-309 to delete any reference to K.S.A. 70a-102.

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

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82a-309. Same; distribution of proceeds from sale of sand products; conditions. One-half of the net proceeds from the sale of sand products, and no other, taken from the bed of any river which is the property of the state of Kansas, shall be returned as follows: Where such river extends into or through any drainage district in this state, organized under any of the drainage district laws thereof, the board of directors of the district from which the sand products were taken shall be entitled to receive two-thirds of the amount returned, as is provided in K.S.A. 70a-102.

The remaining one-third shall be divided among the remaining drainage districts in the county, in proportion to the frontage on said river. Where such river does not extend into or through any drainage district in this state, said proceeds to be returned shall be returned to such counties as have adopted this act and have, prior to July 1 following the adoption of this act, notified the director of taxation of such adoption, and through which such river flows, in proportion to the mileage of such river bank in such county, and this fund shall be used by the board of county commissioners of such county or counties only for the actual cleaning and maintenance of such state streams as is provided for in this act: *Provided*, That before the expenditure of any such funds, the board of county commissioners shall submit all contracts, plans, and specifications for the proposed improvements to, and receive the approval of, the chief engineer of the division of water resources: *Provided*, That in counties having a population of not less than twenty-five thousand (25,000) nor more than twenty-nine thousand (29,000) and an assessed tangible valuation of over forty-six million five hundred thousand dollars (\$46,500,000), the entire amount allotted to the county shall be paid into the bridge fund of such county.

History: L. 1929, ch. 143, § 4; L. 1931, ch. 318, § 4; L. 1933, ch. 331, § 1; L. 1933, ch. 249, § 6; L. 1937, ch. 387, § 1; L. 1961, ch. 311, § 7; July 1.

Cross References to Related Sections:

Intent and purpose of act, see, also, 70a-116.

82a-310. Same; when act not to apply. This act shall not apply to the portions of any stream lying wholly within the boundaries of any organized drainage or levee district: *Provided*, That that portion of such stream is actually improved and maintained by and as a part of the work of said district.

History: L. 1931, ch. 318, § 5; March 12.

CASE ANNOTATIONS

1. Cited in holding 24-1071 valid. State, ex rel., v. Stonehouse Drainage Dist., 152 K. 188, 192, 102 P.2d 1017.

82a-311. Same; cost of surveys; how paid; division of balances of proceeds. In any county in this state which, prior to the adoption of this act, has received any of the proceeds from the sale of sand products and which failed to have a survey made, as provided in K.S.A. 82a-307a, which survey was made by drainage districts in said county, the county commissioners are directed to pay to drainage districts which have had the survey made or which shall, within one year after the taking effect of this act have such survey made, the costs of such surveys, and the balances of said proceeds shall be divided among said drainage districts in proportion to the frontage on such rivers.

History: L. 1937, ch. 387, § 2; March 31.

82a-312. Dams built under federal agricultural program; approval by chief engineer. Any landowner or operator who desires to construct, or who has constructed a dam, for agricultural purposes on his or her own land or land operated by him or her, as a part of the federal agricultural conservation program without complying with the provisions of K.S.A. 82a-301 to 82a-305, both sections inclusive, may make application to the chief engineer of the division of water resources for approval of the construction of such dams.

History: L. 1939, ch. 354, § 1; March 14.

82a-313. Same; plans to accompany application. Each application for such approval shall be accompanied by plans of the dam that has been built or shall be built showing the area of the drainage basin above the dam, a cross section of the dam site, a cross section, plan and elevation of the dam, a plan of the spillway and such other data and information as the chief engineer of the division of water resources may require.

History: L. 1939, ch. 354, § 2; March 14.

82a-314. Same; revision of plans. If the plans are found to be satisfactory and upon examination, the dam is found to be constructed in accordance with such plans, the chief engineer shall approve the plans and the construction of the dam. If the plans fail to meet the requirements of the chief engineer, the owner shall make such changes in or ad-

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Department of Revenue
Legal Services Bureau

MEMORANDUM

To: The Honorable Dan Thiessen, Chairman
Senate Committee on Assessment and Taxation

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

Date: February 18, 1992

Subject: Senate Bill No. 578

Thank you for the opportunity to appear in support of S.B. 578. The bill would authorize the disclosure of certain information derived from returns and reports filed with the Director of Taxation to other state agencies. Generally, information contained on income tax returns is strictly confidential and unauthorized disclosure constitutes a misdemeanor and results in immediate dismissal from employment. Specifically, the bill would allow:

1. The disclosure of a taxpayer's name, last known address and residency status to the Department of Wildlife and Parks to be used solely in its license fraud investigations; and
2. a reciprocal exchange agreement with the secretary of human resources for the purpose of identifying taxpayers who have failed to file a return or pay the tax under any of the provisions administered by the Department of Revenue and the Department of Human Resources.

The bill also would allow the disclosure of oil and gas production statistics to an oil and gas reporting service. This information is currently available from the Conservation Division of the Kansas Corporation Commission. The Department is prohibited from disclosing the information because of our confidentiality provision. The amendment would merely allow the Department to provide the same information that is available from the KCC.

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

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DEPARTMENT OF WILDLIFE AND PARKS
JOAN FINNEY, Governor
JACK LACEY, Secretary
JOHN S. C. HERRON, Assistant Secretary

MEMORANDUM

TO: SENATOR THIESSEN AND MEMBERS OF THE SENATE AND MEMBERS OF THE
SENATE ASSESSMENT AND TAXATION COMMITTEE

FROM: JACK LACEY, SECRETARY

DATE: FEBRUARY 18, 1992

REGARDING: SENATE BILL 578

The Kansas Department of Wildlife and Parks supports the passage
of Senate Bill 578 for several reasons:

1. We believe it will help the Department of Revenue detect fraudulent tax returns and verify residency status of tax evaders, which may enable the Department of Revenue to collect up to \$100,000 dollars of heretofore uncollected taxes.
2. We believe it will help Wildlife and Parks cut down on license fraud, especially with deer and lifetime hunting licenses.

We will appreciate your support for passage of Senate Bill 578.