

Approved: 4/27/96
Date

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Dick Bond at 9:30 a.m. on April 27, 1996 in Room 254-E of the Capitol.

Members present were: Senator Clark, Senator Corbin, Senator Emert, Senator Hensley, Senator Lee, Senator Petty, Senator Praeger

Committee staff present: Dr. William Wolff, Legislative Research Department
Fred Carman, Revisor of Statutes
June Kossover, Committee Secretary

Conferees appearing before the committee: John LaFaver, Secretary, Department of Revenue

Others attending: See attached list

An emergency meeting was called for the purpose of removing the contents of **HB 3043**, which concerned the uniform commercial code, amending **SB 448** as requested by Secretary John LaFaver (Attachment #1), and inserting the contents of **SB 448**, as amended, into **HB 3043**. **SB 448**, concerning the apportionment and allocation of income of financial institutions, was originally introduced by and referred to the Senate Committee on Assessment and Taxation.

HB 3043, as amended with the amended contents of **SB 448**, will define the responsibility for payment of privilege tax for portions of the fiscal year when financial institutions merge. It was decided that the provisions of the bill be effective 7/1/96.

Senator Lee moved to remove the language of **HB 3043** and insert the language contained in **SB 448** as amended. Senator Emert seconded the motion. The motion carried.

Senator Emert moved to pass **HB 3043** favorably as amended. Senator Lee seconded the motion. The motion carried.

The committee adjourned at 9:45 a.m.

Senate Bill 448

Introduced Language: When a privilege taxpayer ceases to do business within the state, the tax for the last taxable year in which the taxpayer does business shall be measured by the income for the next preceding taxable year plus the income for the last taxable year in which business ceased. This section shall apply to all taxable years beginning on or after December 31, 1994.

Senate Amendment: Computation of tax when business ceases. The net income of any financial institution earned during the taxable year in which it is merged, consolidated or otherwise combined with another financial institution shall be attributed to the surviving or resulting financial institution in the computation of its privilege tax imposed for the year next succeeding the year of such merger, consolidation or other combination. The provisions of this section shall be applicable to all privilege tax years commencing after December 31, 1995.

Proposed Amendment (April 26, 1996) : Tax for the privilege of business cessation. For taxpayers described in K.S.A. 79-1106, as amended, a tax is hereby imposed for the privilege of engaging in transactions or activity incidental or related to the cessation of doing business in this state, including cessation due to merger, consolidation, other combination, dissolution, liquidation or any other event. Such tax shall be measured by the net income for the tax year in which the taxpayer ceases to do business and shall be computed using the same applicable rates set forth in K.S.A. 79-1107 or 79-1108. Such tax shall be due and owing within six months of the date on which the taxpayer ceases to do business. This section shall apply to all such privileges occurring on or after the effective date of this act.

K.S.A. 79-1106. Taxation of national banking associations, banks, trust companies, *federally chartered savings banks*, and savings and loan associations; purpose of act. It is hereby declared to be the intention of the legislature to levy a tax on national banking associations, banks, trust companies, *federally chartered savings banks*, and savings and loan associations, which tax shall be in lieu of ad valorem taxes which might otherwise be imposed upon the intangible assets of such national banking associations, banks, trust companies, *federally chartered savings banks*, and savings and loan associations.

Senate 7141
4/27/96
Attachment #1