

Approved: 3-2-99
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:10 a.m. on February 22, 1999, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Bob Vancrum, Midland Properties
Shirley Sicilian, Department of Revenue
Senator Anthony Hensley
Don Schnacke, Kansas Independent Oil & Gas Association
Judy Moler, Kansas Association of Counties
Brad Bryant, Office of the Secretary of State

Others attending: See attached list.

The minutes of the February 17 and 18, 1999, meetings were approved.

SB 228—Income taxation; determination of the credit for income tax paid to another state.

Bob Vancrum, representing Midland Properties, testified in support of **SB 228**. He presented testimony which was prepared by Ben W. Hobert, who was unable to attend the meeting due to inclement weather. (Attachment 1) Mr. Vancrum explained that the proposed amendment to K.S.A. 79-32, 111 would recognize charitably based tax credits as taxes paid in another state for purposes of determining a Kansas resident's tax liability.

Mr. Vancrum went on to discuss several points regarding the amendment, emphasizing that recognition of the credit does not result in a taxpayer receiving a benefit of more than the amount donated. In this regard, he called attention to an analysis of a taxpayer's tax benefit from a charitable donation at various income levels which is attached to Mr. Hobert's written testimony.

Mr. Vancrum informed the Committee that similar legislation has been introduced in Missouri which would recognize Kansas charitably based credits as taxes paid in another state for purposes of determining a Missouri resident taxpayer's income tax liability. In both his and Mr. Hobert's opinion, a fundamental equitable principle is served by recognizing charitably based credits as taxes paid in another state. Attached to Mr. Hobert's testimony are Kansas and Missouri income tax returns of a hypothetical Kansas resident with income from sources in Missouri which demonstrate the effective elimination of any benefit from the credit if the credit is not recognized as taxes paid in another state. Mr. Vancrum said the amendment encourages, by state cooperation, charitable contributions in both states.

In response to a question from Senator Bond, Mr. Vancrum clarified that the language in **SB 228** is identical to the Missouri bill except, as introduced, the Missouri bill would not be effective as early. Mr. Vancrum also agreed that, if Missouri does not pass the similar legislation, a Kansas resident can give a donation to a Missouri charity and realize a greater tax benefit than a Missouri resident giving to a Kansas charity. Mr. Vancrum also clarified for Senator Lee that the bill does not exclusively apply to the state of Missouri but would also apply to any other state.

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE, Room 519-S Statehouse, at 11:10 a.m. on February 22, 1999.

Shirley Sicilian, Department of Revenue, stated that the Department neither supports or opposes **SB 228**. Her testimony was for informative purposes. At the outset, she noted that the bill would affect individual income tax for Kansans who have income from other states. She discussed current law and the effect of **SB 228**, which creates an exception. As an aid in her analysis of current law and **SB 228**, she called attention to a chart attached to her written testimony. In summary, Ms. Sicilian said **SB 228** would short circuit the credit offset in Kansas and increase the incentive for Kansas residents to make charitable contributions to other states, beyond just allowing a Kansas deduction. (Attachment 2)

Mr. Vancrum informed the Committee that Bill Musgrave of the Kansas City Museum planned to testify in support of **SB 228**, but did not come due to weather conditions, but he will submit written testimony. With this the hearing on **SB 228** was closed. Upon adjournment, the written testimony, signed by Dave Ucko and Andy Scott (Science City at Union Station), was submitted. (Attachment 3)

Senator Anthony Hensley, distributed copies of a balloon of **SB 242** with amendments as suggested by Joyce Allegrucci, Commissioner of Children and Family Services, at the hearing on the bill which provides for a refundable income tax credit for foster parents. (Attachment 4) The provision that the foster care be provided for at least twelve consecutive months was deleted, and language was added which provides that the care must be for a period of ten months, whether or not consecutive. Also, the amendment provides that the care may be for one or more children, and it specifies that the children must be in the custody of SRS or the Juvenile Justice Authority. Senator Hensley reported that the adoption of the suggested amendments would cut the fiscal note more than one-half.

SB 280-Property taxation; exemption of residential property from the statewide school levy.

Senator Hensley testified in support of **SB 280**. He explained that the bill would increase the current property tax homestead exemption approved in 1997 from \$20,000 to \$40,000. The effect of **SB 280** would be to exempt from the statewide school mill levy (20 mills) the first \$40,000 of appraised value on all residential property. The bill would also extend the homestead exemption to the year 2000. He discussed a homestead property tax comparison chart attached to his written testimony and called attention to information about the largest utility taxpayers in terms of the tax reductions they have received due to the statewide mill levy. In conclusion, Senator Hensley pointed out that the fiscal note of \$22.5 million is above the Governor's recommended budget. (Attachment 5)

Senator Hardenburger commented that, rather than eliminating the mill levy from the bottom, it seems fairer to the general public in her area (Washington County) to bring the mill levy down from the top, which would result in everybody being treated the same way. She explained, due to the low appraisal value of residential property in her area, very few people in her area will be contributing to the statewide school mill levy if the bill passes. In her opinion, it seems unfair that most residents in her area would not continue to have the opportunity to contribute. Senator Hensley responded that the bill would apply to 729,000 homeowners statewide and is targeted at middle income people and people on fixed incomes. He commented that, if the bill passes, homeowners in Senator Hardenburger's area who are exempted from the statewide school levy could donate the amount they are no longer required to pay if they wish to do so.

There being no others wishing to testify, the hearing on **SB 280** was closed.

HCR 5002-A proposition to amend section 13 of article 11 of the constitution of the state of Kansas, relating to exemption of property used for oil and gas development, exploration, and production purposes.

Don Schnacke, representing the Kansas Independent Oil & Gas Association (KIOGA), testified in support of **HCR 5002**. He informed the Committee that the House Committee amended **HCR 5002** to require that the proposition be placed on the statewide April 1999 ballot or the earliest possible general election instead of the November 7, 2000, general election. The Secretary of State advised that the bill must be received by the end of February in order to place it on an early ballot. Mr. Schnacke contended that its passage would stimulate increased activity and investment in Kansas oil and gas field activity. (Attachment 6)

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE, Room 519-S Statehouse, at 11:10 a.m. on February 22, 1999.

Judy Moler, Kansas Association of Counties (KAC), testified in support of **HCR 5002**. She stated that the constitutional amendment clearly recognizes that the economies of Kansas' 105 counties are all somewhat different. She noted that there is no mandate on county government associated with the proposal, but the capacity for county commissioners to encourage economic development in this way is appealing. (Attachment 7) Ms. Moler also called attention to a copies of a letter of support from the Trego County Commissioners which was distributed along with her written testimony. (Attachment 8)

Senator Langworthy commented that although this exemption from taxation would be at a county's discretion, it will take a statewide public vote to approve the constitutional amendment. She asked Ms. Moler if she believes that all 105 Kansas counties and all of their constituents could be properly educated on the issue before a vote on it in April. Ms. Moler felt that would be a "tall order." However, she believes that the populous in counties which have a particular interest in the issue are probably sufficiently informed. Senator Bond commented further that he was uncertain that all counties would have an opportunity to vote on the constitutional amendment as some counties may not be having an election this spring. Ms. Moler had no information on the number of counties having spring election. She noted that the issue is on KAC's platform, but the date of the election is not. However, in her opinion, there would be less voter turnout in the spring of 1999 than there would be in the statewide general election in November of 2000. She reiterated that KAC supports the principle of **HCR 5002**.

Mr. Schnacke stood to inform the Committee that he was advised during the hearing in the House Taxation Committee that the next statewide ballot will be in April of 1999 as all school boards will be elected at that time. He added that the language of the amendment is very clear and understandable. He emphasized that the oil and gas industry needs help now, rather than waiting until the year 2000; therefore, he thinks putting the constitutional amendment on the ballot in April is worth the try.

Brad Bryant, Office of the Secretary of State, confirmed that there will be statewide elections for school boards in April. He explained that the language for the amendment is needed in February in order for it to be placed on the spring ballot as there is a March 2 primary this year, and as soon as the primary is over, the ballots must be prepared. He noted that the voter turnout in spring elections is lower, running between 30 and 45 percent statewide. Some counties may run lower if there is not much on the ballot, and some counties may run over 50 percent if there is an issue on the ballot of particular interest to the location. He further noted that, in 1995, 416,000 votes were cast statewide on the bingo amendment, which represents 32 percent of statewide registered voters. That percent is considered typical for a city/school April election. He commented that perhaps a constitutional amendment would cause public debate and, thus, drive up voter interest and turnout.

There being no others wishing to testify, the hearing on **HCR 5002** was closed.

The meeting was adjourned at 12:00 p.m.

The next meeting is scheduled for February 23, 1999.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: February 22, 1999

NAME	REPRESENTING
Bob Vanneman	Midland Properties
Si Sicilian	K D of Revenue
J. Anderson	Senate
J. Langford	DOB
R. Williams	H+L Production / KIOGA
Jr. Weill	NRD / KIOGA
Jacque Clerk	Hallmark Cards
Don Schuack	KIOGA
Terry P. Bond	2-R Oil & Gas
Bob Krehmel	Kansas Independent Oil & Gas Assn.
Dave Walters	BELENZ DRILLING
Scott Summers	McGill, Gentry & Associates
Harold Riedelle	Riedell & Associates
Mark Zurek	KDOT
Kelly Kuitala	City of Overland Park
Stacy Moler	Ks. Assn of Counties
Wanda Sue Smith	KMHA
Marty Keenan	Great Bend - the oil industry
Ashley Sherard	Overland Park Chamber

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: Feb-22, 1999

NAME	REPRESENTING
Bernie Koch	Wichita Area Chamber
J. W. Juszczyk	Bocing
Frank Peest	KIOGA
RALPH STALCUP	KIOGA
Mary Hillin	CFR-SRS
Chuck Hamey	Higha Engine Ellinwood - Oil Area
Rhonda Klatt	NCRA/KIOGA
Tim SCHECK	SCHECK OIL KIOGA
Milton Guther	Rag Oil + Guther ^{KIOGA}
Tim Miller	Tim Miller Oilfield Sales
Alan E. Karlin	L-K Wireline, Inc
G. Bud Brungardt	Proced Cementing Co Inc.
Thaine Francis	Francis Casing Crews
GEORGE PETERSEN	Ks Taxpayers Network
Bill Berryman	Midwest Energy Inc.
Curt Carpenter	UtiliCorp United
Tom Bruno	Allend Assoc.
John Callen	Edmiston Oil Co Inc

Testimony of Ben W. Hobert
Before the
Kansas Senate
Committee on Assessment and Taxation
February 22, 1999

A Kansas resident with income derived from Missouri sources pays Missouri income tax on that income. The Kansas resident then receives a Kansas state income tax credit on his or her Kansas income tax return for income taxes paid to Missouri under K.S.A. 79-32,111. This prevents duplicative taxation of the same income in two states, except to the extent that there is an income tax rate differential in the two states.

The proposed amendment to K.S.A. 79-32,111 would recognize charitably based tax credits as taxes paid in another state for purposes of determining a Kansas resident's tax liability. This is necessary for any taxpayer to receive the benefit of such tax credits under K.S.A. 79-32,111 which is consistent with prevention of duplicative taxation of income. It is important to note the following with respect to the scope of the amendment:

- The amendment would encourage bi-state cooperation through charitable donations by residents of both Kansas and Missouri to projects located in both states.
- The amendment is relevant only to Kansas resident individuals, trusts and estates who also have business income in Missouri and who make a contribution which is eligible for a Missouri state income tax credit. It is not relevant to most corporations which compute their tax under different provisions.
- The amendment recognizes as taxes paid only those credits that are based on a donation qualifying for a charitable contribution deduction. It does not recognize business incentive type credits such as jobs credits or business expansion credits as taxes paid.
- Why is this issue coming up now? Kansas residents who made charitable contributions to Missouri charities qualifying for Missouri income tax credits have relied on the letter ruling granted to the UMKC Tax Law Foundation in November, 1997. The November, 1997 letter ruling allowed a Missouri charitably based income tax credit as taxes paid to another state. The Department did not withdraw the letter ruling until January 8, 1999. In the interim taxpayers were making contributions in reasonable reliance on the letter ruling's interpretation of the statute.

Senate Assessment & Taxation
2-22-99
Attachment 1

- Contrary to the Department's erroneous assertions, recognition of the credit does not result in a taxpayer receiving a benefit of more than the amount donated. Please find attached as Exhibit B an analysis of a taxpayer's tax benefit from a donation at various income levels. This analysis was prepared by the UMKC Tax Law Foundation when the Foundation solicited donations for their tax clinic.
- In order to obtain a charitably based credit, the taxpayer has transferred money or other value just as when he or she directly pays the tax. To the extent that a state approves the charity to which the donation is made and the amount of the donation eligible for the income tax credit, this transfer is an indirect payment of the tax.
- Why does the Department advocate discriminating against transfers of value to a charity by a taxpayer which give rise to an income tax credit which indirectly pays the tax liability of another state but readily accepts transfers of value directly to another state in payment of the tax liability?
- If the Department continues its now stated policy, it will not result in increased revenue for the state of Kansas. Any Kansas resident taxpayer with Missouri income would recognize that it is fruitless to apply for a Missouri income tax credit. Accordingly, a Kansas resident would not bother to apply for the credit. Instead, a Kansas resident would pay the same amount of Missouri tax as if the credit was not available. This will result in no revenue gain to Kansas.
- Similar legislation has been introduced in Missouri as Senate Bill No. 469. The Missouri legislation would recognize Kansas charitably based credits as taxes paid in another state for purposes of determining a Missouri resident taxpayer's income tax liability.
- I have had discussions with Missouri legislators including Senator Harry Wiggins, Senator Joe Maxwell, Representative Marsha Campbell and Representative Tim Van Zandt regarding this issue. They have recognized the desirability of reciprocal treatment of Kansas charitably based tax credits as Kansas taxes paid for a Missouri resident with Kansas source income. They have indicated that they will support similar legislation in Missouri as evidenced by the introduction of Missouri Senate Bill No. 469. We intend to continue to pursue the adoption of such legislation to recognize charitably based tax credits as taxes paid in another state for Missouri income tax purposes.
- A further clarification of the proposed language, as originally introduced, is attached as Exhibit A. We believe such language clarifies the intent of

the statutory language, i.e., that income tax paid in another state is determined before reduction by charitably based tax credits granted by the state.

- A fundamental equitable principle is served by recognizing charitably based credits as taxes paid in another state. A taxpayer's income should not be taxed twice. A Kansas resident who pays income taxes to Missouri will receive an income tax credit in Kansas for the amount paid to Missouri. A Kansas resident may satisfy a portion of his or her Missouri income tax liability by making a charitable donation which qualifies for a tax credit. Kansas should recognize the transfer of value which generates the credit as taxes paid in Missouri. If the credit is not recognized as taxes paid the Kansas taxpayer is effectively taxed twice. If Kansas did not recognize this fundamental principle it would disallow the credit for taxes paid directly to the state of Missouri under K.S.A. 79-32,111 because the payment of tax offers two dollars of benefit, a reduction of Missouri taxes and a credit against (reduction of) Kansas taxes.
- Absent this amendment, any individual considering such a contribution in the future would probably not bother to apply for the credit. A Kansas resident would recognize there is nothing to be gained from using the credit because any decrease in Missouri tax would be offset by an increase in Kansas tax. Please find attached as Exhibit C to this testimony, Kansas and Missouri income tax returns of a hypothetical Kansas resident with income from sources in Missouri which demonstrate the effective elimination of any benefit from the credit if the credit is not recognized as taxes paid in another state.

K.S.A. 79-32,111, the statutory provision which allows a credit for taxes paid to another state, has been substantially unchanged since at least the 1930's. The neighborhood assistance type income tax credits are a phenomenon of recent vintage, with the first of such statutes being enacted in the late 1970's. We believe that states have not critically evaluated tax credit provisions for taxes paid to another state to determine whether their language is still appropriate with respect to charitably based credits.

We are of the view that the Community Services Program Act in Kansas and the Neighborhood Assistance Program in Missouri are extremely beneficial statutes. They encourage citizen donations to projects in both states. Some of these donations might not be made but for the combination of the benefit of a charitable deduction and the availability of the state tax credits of these programs. These incentives to charitable giving should not be destroyed when dollars cross the state line.

By Committee on Assessment and Taxation

AN ACT relating to income taxation, concerning the determination of the credit for income tax paid to another state; amending K.S.A. 1998 Supp. 79-32,111 and repealing the existing section.

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

Section 1. K.S.A. 1998 Supp. 79-32,111 is hereby amended to read as follows: 79-32,111. (a) The amount of income tax paid to another state by a resident individual, resident estate or resident trust on income derived from sources in another state shall be allowed as a credit against the tax computed under the provisions of this act. Income tax paid to another state shall be determined without regard to any credit allowed by such state (and before reduction by) the basis for which is a charitable contribution which qualifies for deduction from income pursuant to the federal internal revenue code. Such credit shall not be greater in proportion to the tax computed under this act than the adjusted gross income for such year derived in another state while such taxpayer is a resident of this state is to the total Kansas adjusted gross income of the taxpayer. As used in this subsection, state shall have the meaning ascribed thereto by subsection (h) of K.S.A. 79-3271, and amendments thereto. The credit allowable hereunder for income tax paid to a foreign country or political subdivision thereof shall not exceed the difference of such income tax paid less the credit allowable for such income tax paid by the federal internal revenue code. No redetermination of income tax paid for the purposes of determining the credit allowed by this subsection

shall be required for the taxable year for which an income tax refund payment pursuant to the provisions of section 18 of article 10 of the Missouri constitution is made, but the income tax paid allowable for credit in the next following taxable year shall be reduced by the amount of such refund amount, except that, for tax year 1998, the income tax paid allowable for credit shall be reduced by the amount of such refunds made for all taxable years prior to tax year 1998.

(b) There shall be allowed as a credit against the tax computed under the provisions of the Kansas income tax act, and acts amendatory thereof and supplemental thereto, on the Kansas taxable income of an individual, corporation or fiduciary the amount determined under the provisions of K.S.A. 79-32,153 to 79-32,158, and amendments thereto.

New Sec. 2. The provisions of this act shall be applicable to all taxable years commencing after December 31, 1997.

Sec. 3. K.S.A. 1998 Supp. 79-32,111 is hereby repealed.

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

Additional Tax Benefit from NAP Contributions

NAP CREDIT IMPACT SUMMARY ON FEDERAL, MISSOURI, AND KANSAS 1997 INCOME TAXES AT MULTIPLE INCOME LEVELS

Federal Tax:

AGI	\$ 96,000	\$ 126,000	\$ 197,000	\$ 322,000
Deductions & Exemptions	(15,000)	(25,000)	(45,000)	(50,000)
Less: NAP credit effect on state income tax deduction	500	500	500	500
Taxable Income	81,500	101,500	152,500	272,500
Marginal Tax Bracket	28%	31%	36%	39.6%
Federal Income Tax	<u>\$ 17,464</u>	<u>\$ 23,121</u>	<u>\$ 38,969</u>	<u>\$ 82,221</u>
FEDERAL TAX BENEFIT OF \$1,000 GIFT	<u>\$ 140</u>	<u>\$ 155</u>	<u>\$ 180</u>	<u>\$ 198</u>

Missouri Resident With Missouri Income:

Missouri AGI	\$ 96,000	\$ 126,000	\$ 197,000	\$ 322,000
Deductions & Exemptions ¹	(22,300)	(33,058)	(54,028)	(62,278)
Missouri Taxable Income	73,700	92,942	142,972	259,722
Missouri Tax Liability	4,197	5,352	8,353	15,358
NAP Credit for \$1,000 Gift	(500)	(500)	(500)	(500)
Missouri Tax Due	<u>\$ 3,697</u>	<u>\$ 4,852</u>	<u>\$ 7,853</u>	<u>\$ 14,858</u>
COMBINED FEDERAL & MISSOURI TAX BENEFITS OF \$1,000 GIFT ²	<u>\$ 700</u>	<u>\$ 715</u>	<u>\$ 740</u>	<u>\$ 758</u>

Kansas Resident with Missouri Source Income:

AGI	\$ 96,000	\$ 126,000	\$ 197,000	\$ 322,000
Deductions & Exemptions ²	(13,800)	(24,658)	(45,628)	(53,878)
Kansas Taxable Income	82,100	101,342	151,372	268,122
Kansas Tax Liability	4,330	5,592	8,818	16,349
Credit for MO Tax Liability	(4,197)	(5,352)	(8,353)	(15,358)
Kansas Tax Due	<u>\$ 153</u>	<u>\$ 240</u>	<u>\$ 465</u>	<u>\$ 991</u>
COMBINED FEDERAL & STATE TAX BENEFITS OF \$1,000 GIFT ³	<u>\$ 700</u>	<u>\$ 715</u>	<u>\$ 740</u>	<u>\$ 758</u>

Assumptions:

Taxpayer is married filing jointly

Kansas example assumes the taxpayer is allowed a credit on the Kansas tax return for 100% of Missouri tax liability.
This could vary if the Kansas resident has any Kansas source income.

Additional Notes:

- a.) Individuals who have Missouri source sole proprietor earnings (Schedule C), farm earnings (Schedule F), income from rental property (Schedule E), or partnership/S corporation income qualify for the NAP credit.
- b.) NAP credit received is 50% of the value of the contribution (70% for projects in specified rural communities.)
- c.) NAP credit is nonrefundable or transferable.
- d.) NAP credit has five-year carry forward provision.

KANSAS/MISSOURI
CREDIT FOR TAXES PAID TO ANOTHER STATE
BASE CASE FACTS FOR EXAMPLES

Prepared January 27, 1999

Information utilized in creation of John & Jane Doe tax return example.

1. John Doe had wage income solely in Kansas in the amount of \$29,000.00.
2. Joan Doe had wage income solely in Missouri in the amount of \$26,000.00.
3. Joan Doe had a rental house in Missouri that generated \$4,000.00 income.
4. They had joint interest income of \$1,000.00.
5. It is assumed no state withholding was done on either W-2 wage for comparability.

This generated the attached federal return and the respective Kansas & Missouri returns showing net tax of \$1,059.00 for MO and \$1,304.00 for Kansas.

The second example utilizes the same federal information but shows the taxpayers giving \$1,000.00 toward an agency that qualifies for a NAP credit (neighborhood assistance credit) in Missouri (credit = 50% of donation). This results in a \$500.00 reduction in Missouri tax but increases the Kansas Tax by \$500.00. Thus no benefit is received by taxpayers as intended when the credit was established.

FORM 1040 BASE CASE FOR BOTH MISSOURI NAP AND NON-NAP EXAMPLES

Department of the Treasury -- Internal Revenue Service

Form **1040**

U.S. Individual Income Tax Return

1997

(99) IRS Use Only -- Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 1997, or other tax year beginning

, 1997, ending

, 19

OMB No. 1545-0074

Use the IRS label. Otherwise, please print or type.

JOHN DOE
JOAN DOE
12200 E 1ST ST
OVERLAND PARK KS 66052

Your social security number
123-45-6789

Spouse's social security no.
987-65-4321

Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
	X	
	X	

Presidential Election Campaign

Do you want \$3 to go to this fund?
If a joint return, does your spouse want \$3 to go to this fund?

Filing Status

1 Single **For help in finding line instructions, see pages 2 and 3 in the booklet.**

2 Married filing joint return (even if only one had income)

3 Married filing separate return. Enter spouse's SSN above & full name here. ▶

4 Head of household (with qualifying person). (See page 10.) If qualifying person is a child but not your dependent, enter child's name here. ▶

5 Qualifying widow(er) with dependent child (yr. spouse died ▶ 19). (See page 10.)

Check only one box.

Exemptions

6a Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b Spouse

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) No. of mos. lived in home in 1997	No. of boxes checked on 6a and 6b	No. of your children on 6c who:
					2	• lived with you
						• did not live with you due to divorce or separation (see page 11)
						Dependents on 6c not entered above
						0
						0
						0

d Total number of exemptions claimed. **2**

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2 **7** 55,000.

8a Taxable interest. Attach Schedule B if required **8a** 1,000.

b Tax-exempt interest. DO NOT include on line 8a **8b**

9 Dividends. Attach Schedule B if required **9**

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 12) **10**

11 Alimony received **11**

12 Business income or (loss). Attach Schedule C or C-EZ. **12**

13 Capital gain or (loss). Attach Schedule D. **13**

14 Other gains or (losses). Attach Form 4797. **14**

15a Total IRA distributions **15a** b Taxable amount (see pg. 13) **15b**

16a Total pensions and annuities. **16a** b Taxable amount (see pg. 13) **16b**

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E **17** 4,000.

18 Farm income or (loss). Attach Schedule F. **18**

19 Unemployment compensation **19**

20a Social security benefits **20a** b Taxable amount (see pg. 14) **20b**

21 Other income. **21**

22 Add the amounts in the far right column for lines 7 through 21. This is your total income. ▶ **22** 60,000.

Adjusted Gross Income

23 IRA deduction (see page 16) **23**

24 Medical savings account deduction. Attach Form 8853 **24**

25 Moving expenses. Attach Form 3903 or 3903-F. **25**

26 One-half of self-employment tax. Attach Schedule SE **26**

27 Self-employed health insurance deduction (see page 17) **27**

28 Keogh and self-employed SEP and SIMPLE plans **28**

29 Penalty on early withdrawal of savings. **29**

30a Alimony paid b Recipient's SSN ▶ **30a**

31 Add lines 23 through 30a. **31**

32 Subtract line 31 from line 22. This is your adjusted gross income ▶ **32** 60,000.

1-8

Tax Computation	33	Amount from line 32 (adjusted gross income)	33	60,000.	
	34a	Check if: <input type="checkbox"/> You were 65/older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65/older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	34a	0	
	b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 18 and check here	34b		
	35	Enter the larger of your: Itemized deductions from Schedule A, line 28, OR Standard deduction shown below for your filing status. But see page 18 if you checked any box on line 34a or 34b or someone can claim you as a dependent. • Single -- \$4,150 • Married filing jointly or Qualifying widow(er) -- \$6,900 • Head of household -- \$6,050 • Married filing separately -- \$3,450	35	6,900.	
	36	Subtract line 35 from line 33.	36	53,100.	
	37	If line 33 is \$90,900 or less, multiply \$2,650 by the total number of exemptions claimed on line 6d. If line 33 is over \$90,900, see the worksheet on page 19 for the amount to enter	37	5,300.	
	38	Taxable income. Subtract line 37 from line 36. If line 37 is more than line 36, enter -0-	38	47,800.	
	39	Tax. See page 19. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	39	8,035.	
	Credits	40	Credit for child & dependent care exp. Attach Form 2441	40	
		41	Credit for the elderly or the disabled. Attach Schedule R	41	
42		Adoption credit. Attach Form 8839	42		
43		Foreign tax credit. Attach Form 1116	43		
44		Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form	44		
45		Add lines 40 through 44.	45		
Other Taxes	46	Subtract line 45 from line 39. If line 45 is more than line 39, enter -0-	46	8,035.	
	47	Self-employment tax. Attach Schedule SE.	47		
	48	Alternative minimum tax. Attach Form 6251	48		
	49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49		
	50	Tax on qualified retirement plans (including IRAs) and MSAs. Attach Form 5329 if required	50		
	51	Advance earned income credit payments from Form(s) W-2	51		
	52	Household employment taxes. Attach Schedule H.	52		
	53	Add lines 46 through 52. This is your total tax .	53	8,035.	
Payments	54	Federal income tax withheld from Forms W-2 and 1099	54	8,890.	
	55	1997 estimated tax payments & amt. applied from 1996 return	55		
	56a	Earned income credit. Attach Sch. EIC if you have a qualifying child b Nontaxable earned income: amount <input type="text"/> and type <input type="text"/>	56a	NO	
	57	Amount paid with Form 4868 (request for extension)	57		
	58	Excess social security and RRTA tax withheld (see page 27)	58		
	59	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	59		
60	Add lines 54, 55, 56a, 57, 58, and 59. These are your total payments	60	8,890.		
Refund	61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you OVERPAID	61	855.	
	62a	Amount of line 61 you want REFUNDED TO YOU	62a	855.	
	b	Routing no. <input type="text"/> c Type: <input type="checkbox"/> Checking. <input type="checkbox"/> Savings.			
Amount You Owe	d	Account no. <input type="text"/>			
	63	Amount of line 61 you want APPLIED TO 1998 EST. TAX.	63		
	64	If line 53 is more than line 60, subtract line 60 from line 53. This is the AMOUNT YOU OWE . For details on how to pay, see page 27	64		
65	Estimated tax penalty. Also include on line 64	65			

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Keep a copy of this return for your records.

Your signature	Date	Your occupation
<input type="text"/>		MECHANIC
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation
<input type="text"/>		CLERK

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input checked="" type="checkbox"/>	Preparer's social security no.
<input type="text"/>	01/26/1999		133-36-5319
Firm's name (or yours if self-employed) and address	EIN	ZIP code	
DOUGLAS H. BROWN, CPA 811 RED ROAD INDEPENDENCE MO		64055	

1-9

Schedule B -- Interest and Dividend Income 1997

Attachment Sequence No. **08** OMB No. 1545-0074

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security no.

JOHN & JOAN DOE

123-45-6789

**Part I
Interest
Income**

(See pages 12 and B-1.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Note: If you had over \$400 in taxable interest income, you must also complete Part III.

		Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶ KS BANK J	1,000.
2	Add the amounts on line 1.	1,000.
3	Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815 to Form 1040.	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	1,000.

**Part II
Dividend
Income**

(See pages 12 and B-1.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total dividends shown on that form.

Note: If you had over \$400 in gross dividends and/or other distributions on stock, you must also complete Part III.

		Amount
5	List name of payer. Include gross dividends and/or other distributions on stock here. Any capital gain distributions and nontaxable distributions will be deducted on lines 7 and 8 ▶	
6	Add the amounts on line 5.	
7	Capital gain distributions. Enter here and on Schedule D . . .	7
8	Nontaxable distributions. (See the inst. for Form 1040, line 9.)	8
9	Add lines 7 and 8.	
10	Subtract line 9 from line 6. Enter the result here and on Form 1040, line 9 ▶	

**Part III
Foreign
Accounts
and
Trusts**

(See page B-2.)

		Yes	No
11a	At any time during 1997, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	b If "Yes," enter the name of the foreign country ▶		
12	During 1997, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520 or 926. See page B-2.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule B (Form 1040) 1997

SCHEDULE E
(Form 1040)

Supplemental Income and Loss

OMB No. 1545-0047

(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

1997

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

Attachment
Sequence No. **13**

Name(s) shown on return

JOHN & JOAN DOE

Your social security no.

123-45-6789

Part I Income or Loss From Rental Real Estate and Royalties Note: Report income and expenses from your business of renting personal property on **Schedule C** or **C-EZ** (see page E-1). Report farm rental income or loss from **Form 4835** on page 2, line 39.

1 Show the kind and location of each rental real estate property:		2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes more than the greater of:		Yes	No
A	HOUSE INDEPENDENCE S	<ul style="list-style-type: none"> • 14 days, or • 10% of the total days rented at fair rental value? (See page E-1.) 	A		X
B			B		
C			C		

Income:	Properties			Totals (Add columns A, B, and C.)
	A	B	C	
3 Rents received	3 9,000.			3 9,000.
4 Royalties received	4			4
Expenses:				
5 Advertising	5			
6 Auto and travel (see page E-2)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9 500.			
10 Legal and other professional fees	10			
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see page E-2)	12 2,500.			12 2,500.
13 Other interest	13			
14 Repairs	14 500.			
15 Supplies	15			
16 Taxes	16 500.			
17 Utilities	17			
18 Other (list) ▶	18			
19 Add lines 5 through 18	19 4,000.			19 4,000.
20 Depreciation expense or depletion (see page E-2)	20 1,000.			20 1,000.
21 Total expenses. Add lines 19 and 20	21 5,000.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22 4,000.	0.	0.	
23 Deductible rental real estate loss. Caution: Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file Form 8582 . Real estate professionals must complete line 42 on page 2.	23 () () ()			
24 Income. Add positive amounts shown on line 22. Do not include any losses	24			24 4,000.
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here	25 ()			
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2.	26			26 4,000.

W-2 Wages and Tax Statements

1997

Name(s) **JOHN & JOAN DOE** Social Security Number **123-45-6789**

a Control number						
b Employer's identification number 36-2382580		1 Wages, tips, other comp. 26000.	2 Fed. income tax withheld 2890.			
c Employer's name, address, and ZIP code INDEPENDENCE COMPANY AG INDEPENDENCE MO 64050		3 Social security wages 26000.	4 Social sec. tax withheld 1612.			
		5 Medicare wages and tips 26000.	6 Medicare tax withheld 377.			
		7 Social security tips	8 Allocated tips			
d Employee's social security number 987-65-4321		9 Advance EIC payment		10 Dependent care benefits		
e Employee's name, address, and ZIP code JOAN DOE 12200 E 1ST ST OVERLAND PARK KS 66052		11 Nonqualified plans		12 Benefits included in Box 1		
		13 See Instrs. for Box 13		14 Other		
		15 Stat. emp. Deceased Pension plan Legal rep. Hshld. emp. Subtotal Deferred compensation X				
16 State Employer's state I.D. No. MO	17 State wages, tips, etc. 26000.	18 State income tax 1100.	19 Locality name	20 Local wages, tips, etc.	21 Local income tax	

#1

Form **W-2 Wage and Tax Statement 1997** Non Standard W-2 Indicator

a Control number						
b Employer's identification number 12-9999999		1 Wages, tips, other comp. 29000.	2 Fed. income tax withheld 6000.			
c Employer's name, address, and ZIP code OVERLAND PARK CORP OVERLAND PARK KS 66055		3 Social security wages 29000.	4 Social sec. tax withheld 1798.			
		5 Medicare wages and tips 29000.	6 Medicare tax withheld 421.			
		7 Social security tips	8 Allocated tips			
d Employee's social security number 123-45-6789		9 Advance EIC payment		10 Dependent care benefits		
e Employee's name, address, and ZIP code JOHN DOE 12200 E 1ST ST OVERLAND PARK KS 66052		11 Nonqualified plans		12 Benefits included in Box 1		
		13 See Instrs. for Box 13		14 Other		
		15 Stat. emp. Deceased Pension plan Legal rep. Hshld. emp. Subtotal Deferred compensation X				
16 State Employer's state I.D. No. KS	17 State wages, tips, etc. 29000.	18 State income tax 1200.	19 Locality name	20 Local wages, tips, etc.	21 Local income tax	

#2

Form **W-2 Wage and Tax Statement 1997** 7 EFW21 NTF 10799 Non Standard W-2 Indicator

EXAMPLE: WITH MISSOURI NAP CREDIT OF \$500

K-40

**KANSAS 1997
INDIVIDUAL INCOME TAX**

For the year January 1 - December 31, 1997 or other taxable year
 beginning _____ 1997, ending _____, 19__

023

DO NOT
ATTACH
LABEL

Name and Address: JOHN DOE, JOAN DOE, 12200 E 1ST ST OVERLAND PARK, KS 66052 JO 368 97

DOE
123456789
DOE
987654321

FOR COMPUTERIZED USE ONLY -- MAKE NO MARKS IN THIS AREA

AC	0	01	60000	09	0	17	1804	25	0
DC	0	02	0	10	0	18	0	26	0
FI	2	03	60000	11	0	19	0	27	1804
RE	1	04	5000	12	2363	20	0	28	0
EX	2	05	4000	13	559	21	0	29	0
HH	0	06	9000	14	0	22	0	30	0
TE	2	07	51000	15	0	23	1804	31	0
FF	0	08	2363	16	559	24	0	FT	0

If your name or address has changed since last year, check this box
 If taxpayer (or spouse if filing joint) died during this tax year, check this box
 If taxpayer was engaged in commercial farming or fishing in 1997, check this box

Filing Status

- Single
- Married filing joint
- Married filing separate
- Head of household

Residency Status

- Resident
 - Nonresident
 - Part-year resident
- From _____ To _____

Exemptions

Number of exemptions on 1997 federal return:
 Head of hshld., add exemption:
 Total exemptions:

1. Federal adjusted gross income	A	60000	17. Balance		1804
2. Modifications to FAGI	B	0	18. Kansas income tax withheld	N	0
3. Kansas adjusted gross income	C	60000	19. Estimated tax paid	O	0
4. Standard/itemized deductions	D	5000	20. Amount paid with Kansas extension	P	0
5. Exemption allowance	E	4000	21. Disabled access/child care assistance refund	Q	0
6. Total deductions		9000	22. Total refundable credits		0
7. Taxable income		51000	23. Underpayment	R	1804
8. Tax	F	2363	24. Interest	S	0
9. Nonresident allocation percentage	G	0%	25. Penalty if filed after due date	T	0
10. Nonresident tax	H	0	26. Estimated tax penalty	U	0
11. Kansas tax on lump sum distribs.	I	0	27. Amount You Owe	V	1804
12. Total Kansas tax	J	2363	28. Overpayment	W	0
13. Credit for taxes pd. to other states	K	559	29. Credit forward	X	0
14. Credit for child/dep. care expenses	L	0	30. Chickadee checkoff	Y	0
15. Other nonrefundable credits	M	0	31. Refund	Z	0
16. Total nonrefundable credits		559			

I declare under the penalties of perjury that to the best of my knowledge and belief this is a true, correct, and complete return.
 I authorize the Director of Taxation or the Director's designee to discuss my return and attachments with my preparer.



Signature of taxpayer _____ Date _____ Signature of preparer other than taxpayer _____
 DOUGLAS H. BROWN, CPA
 811 RED ROAD
 INDEPENDENCE MO 64055

If joint return, BOTH taxpayer and spouse must sign
 Address and phone number of preparer 816-833-4090

1-14

MISSOURI DEPARTMENT OF REVENUE
INDIVIDUAL INCOME TAX RETURN

1997
 FORM
MO-1040

DLN _____

FOR CALENDAR YEAR JAN. 1 - DEC. 31, 1997, OR FISCAL YEAR BEGINNING _____ 1997, ENDING _____ 19

AMENDED RETURN -- CHECK HERE **DOR ONLY** ▶ PM E

STEP 1 -- NAME AND ADDRESS

YOUR LAST NAME: DOE FIRST NAME: JOHN INITIAL: YOUR SOCIAL SECURITY NO.: 123-45-6789

SPOUSE'S LAST NAME: DOE FIRST NAME: JOAN INITIAL: SPOUSE'S SOCIAL SECURITY NO.: 987-65-4321

IN CARE OF NAME (ATTORNEY, ACCOUNTANT, GUARDIAN, PERSONAL REPRESENTATIVE, ETC.): COUNTY OF RESIDENCE: JACKSON SCHOOL DIST. NO.: 347

PRESENT ADDRESS (INCLUDE APARTMENT # OR RURAL ROUTE): 12200 E 1ST ST

CITY, TOWN OR POST OFFICE, STATE AND ZIP CODE: OVERLAND PARK KS 66052

Check appropriate box if you are a non-obligated spouse. (see inst.)

YOURSELF
 SPOUSE

You may contribute to any one or all of the trust funds below. Place the total amount contributed on Lines 50a, 50b and 50c. Please see the inst. for these lines for a complete description of each trust fund.

Children's Trust Fund	Veterans Trust Fund	Elderly Home Delivered Meals Trust Fund
-----------------------	---------------------	---

Attach copies of pages 1 and 2 of your Federal Form 1040 or 1040A if you:

- itemized deductions on your federal return (also attach a copy of Federal Schedule A);
- claim a pension exemption;
- have loss(es) of \$1,000 or more on Line 15T below;
- have mod. on Form MO-A, Part 2;
- file Form MO-NRI;
- claim low income housing credit &/or low income housing recapture; or
- claim other fed. tax ded. on Line 20

STEP 2 -- CHECK YOUR FILING STATUS

1. Single -- \$1,200 (see Box 6 before checking)

2. Married and filing a combined Missouri return -- \$2,400

3A. Married filing separate -- \$1,200

3B. Married filing sep. (spouse not filing) -- \$2,400

4. Head of household -- \$2,000

5. Qualifying widow(er) with dep. child -- \$2,000

6. Claimed as a dependent on another person's federal tax return -- \$0.00 (see instructions)

ADDITIONAL INFORMATION (Check all applicable boxes)

7. 65 or over -- yourself

8. 65 or over -- spouse

9. Blind -- yourself

10. Blind -- spouse

If you checked Box 2 above, complete Column Y, S, and T. If you checked any box other than Box 2, complete only Column T.

STEP 3 -- FIGURE MO ADJ. GROSS INCOME

	COMBINED INCOME				ONE INCOME	
	Y - YOURSELF		S - SPOUSE		T - TOTAL/ONE INCOME	
11. Federal adjusted gross income (see instructions) ▶	11Y	29,500.00	11S	30,500.00	11T	60,000.00
12. Total additions (from Form MO-A, Part 2, Line 3) ▶	12Y	00	12S	00	12T	00
13. Total income -- add Lines 11 and 12	13Y	29,500.00	13S	30,500.00	13T	60,000.00
14. Total subtractions (from Form MO-A, Part 2, Line 7) ▶	14Y	00	14S	00	14T	00
15. Missouri adjusted gross income -- Line 13 less Line 14 ▶	15Y	29,500.00	15S	30,500.00	15T	60,000.00

STEP 4 -- FIGURE YOUR TAXABLE INCOME

16. Income percentages -- divide Columns 15Y and 15S by 15T	16Y	49.0	%	16S	51.0	%	16T	100%
17. Government pension exemption (from Form MO-A, Part 3, Line 6T) ▶	17							00
18. Missouri STANDARD DEDUCTION OR ITEMIZED DEDUCTIONS (see instructions) ▶	18							6,900.00
19. Federal income tax (from Federal Telefile Tax Record, Line J (second box) minus Line K; Federal Form 1040EZ, Line 10 minus Line 8a; Federal Form 1040A, Line 25 minus Line 29c; or Federal Form 1040, Line 46 minus Line 56a) ▶	19			8,035.00				
20. Other federal tax (see instructions). Attach pages 1 and 2 of federal return. ▶	20							00
21. Total federal tax -- add Lines 19 and 20. ▶	21			8,035.00				00
22. Federal tax deduction. Enter amount from Line 21 not to exceed \$5,000 (\$10,000 for combined) ▶	22							8,035.00
23. Exemption amount checked on Lines 1 through 6. ▶	23							2,400.00
24. Number of dependents (DO NOT INCLUDE YOURSELF OR SPOUSE) from Federal Form 1040A, Line 6c OR Federal Form 1040, Line 6c. ▶	24			0	X \$400 =			00
List first names: _____								
25. Total deductions -- add Lines 17, 18, 22, 23 and 24 ▶	25							17,335.00
26. Subtotal -- subtract Line 25 from Line 15T. ▶	26							42,665.00
27. Multiply Line 26 by percentages (%) on Line 16	27Y	20,906.00		27S	21,759.00		27T	42,665.00
28. Enterprise zone income modification (see instructions) ▶	28Y			28S			28T	00
29. Subtract Line 28 from Line 27. Enter here and on Line 30. ▶	29Y	20,906.00		29S	21,759.00		29T	42,665.00

1-15

STEP	- FIGURE YOUR TAX		Y - YOURSELF		S - SPOUSE		T - TOTAL/ONE INCO.			
30.	Taxable income amount from Line 29Y, 29S and/or 29T .	30Y	20,906.	00	30S	21,759.	00	30T	42,665.	00
31.	TAX on Line 30 (see tax table, Form MO-A, page 1)	31Y	1,029.	00	31S	1,081.	00	31T	2,110.	00
32.	Resident credit (attach Form MO-CR and other state's return) . . ▶	32Y		00	32S		00	32T		00
OR										
33.	Nonresident percentage (attach Form MO-NRI and copy of federal return). Check appropriate box if you or your spouse is a professional entertainer or a member of a professional athletic team.									
▶ <input type="checkbox"/> YOURSELF ▶ <input type="checkbox"/> SPOUSE ▶										
33Y	0.0	%	33S	98.0	%	33T	50.0	%		
34.	Balance (Resident -- subtract Line 32 from Line 31 OR Nonresid. -- mult. Line 31 by percentage on Line 33). ▶	34Y	0.	00	34S	1,059.	00	34T	1,059.	00
35.	Other taxes (check box & attach federal form indicated):									
▶ <input type="checkbox"/> Lump sum distribution (Form 4972)										
▶ <input type="checkbox"/> Recapture of low income housing credit (Form 8611) . . . ▶										
35Y		00	35S		00	35T		00		
36.	TOTAL TAX -- add Lines 34 and 35	36Y	0.	00	36S	1,059.	00	36T	1,059.	00

STEP 6 -- FIGURE YOUR CREDITS AND PAYMENTS										
37.	Miscellaneous tax credits (from Form MO-TC, Line 21). Form MO-TC must be attached ▶	37	500.	00						
38.	Property tax credit. Attach Form MO-PTC ▶	38		00						
39.	MO tax withheld as shown on your Form W-2(s) or Form 1099-R(s). Form W-2(s) and Form 1099-R(s) must be attached ▶	39		00	DOR ONLY					
40.	1997 Missouri estimated tax payments (include overpayment from 1996 applied to 1997) . . . ▶	40		00						
41.	Missouri tax withheld for nonresident partners or S corporation shareholders ▶	41		00						
42.	Add Lines 40 and 41	42		00						
43.	Amount paid with Missouri extension of time to file (Form MO-60 or Form MO-1040V) ▶	43		00						
44.	AMENDED RETURN ONLY: Amount paid on original return ▶	44		00						
45.	Add Lines 37 through 39 and 42 through 44	45	500.	00						
46.	AMENDED RETURN ONLY: Refund as shown on original return ▶	46		00						
IF FILING AN AMENDED RETURN, INDICATE REASON(S) FOR AMENDING.										
▶ <input type="checkbox"/> A. Federal audit Enter date of IRS report ▶										
▶ <input type="checkbox"/> B. Net operating loss carryback Enter year of loss ▶										
▶ <input type="checkbox"/> C. Investment tax credit carryback Enter year of credit ▶										
▶ <input type="checkbox"/> D. Correction other than A, B or C Enter date of federal amended return, if filed ▶										
47.	Total payments and credits -- subtract Line 46 from Line 45 ▶	47	500.	00						

STEP 7 -- FIGURE YOUR REFUND OR AMOUNT DUE										
48.	If Line 47 is larger than Line 36T, enter the difference (amount of OVERPAYMENT) here ▶	48		00						
49.	Amount of Line 48 to be applied to your 1998 estimated tax ▶	49		00						
50.	Amount of Line 48 to be contributed to trust funds									
50a.	Children's Trust Fund ▶	50a		00						
50b.	Veterans Trust Fund ▶	50b		00						
50c.	Elderly Home Delivered Meals Trust Fund ▶	50c		00						
51.	Overpayment to be refunded to you. Subtract Lines 49, 50a, 50b and 50c from Line 48 and enter here. Mail return to: DEPARTMENT OF REVENUE, P.O. BOX 500, JEFFERSON CITY, MO 65106-0500. REFUND ▶	51		00						
52.	If Line 36T is larger than Line 47, enter the difference (amount of UNDERPAYMENT) here ▶	52	559.	00						
53.	Underpayment of estimated tax penalty (attach Form MO-2210). Enter penalty amount here ▶	53		00						
54.	Total amount due. Add Lines 52 & 53 & enter here. Mail return & payment to: DEPARTMENT OF REVENUE, P.O. BOX 329, JEFFERSON CITY, MO 65107-0329. Please write your SSN(s) & daytime phone no. on your check or money order (U.S. funds only) made payable to: Missouri Director of Revenue . . . AMOUNT DUE ▶	54	559.	00						

STEP 8 -- PLEASE SIGN RETURN										
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has any knowledge. As provided in Chapter 143, RSMo, a penalty of up to \$500 shall be imposed on any individual who files a frivolous return.										
I authorize the Director of Revenue or delegate to discuss my return & attachments with the preparer or any member of his/her firm. <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO					PREPARER'S TELEPHONE 816-833-4090		DOR ONLY	S E U P F <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
YOUR SIGNATURE			DATE		PREPARER'S SIGNATURE				FEIN OR SSN ▶ 133-36-5319	
SPOUSE'S SIGNATURE (If filing combined, BOTH must sign)			DAYTIME TELEPHONE		PREPARER'S ADDRESS AND ZIP CODE 811 RED ROAD INDEPENDENCE MO 64055				DATE 01/26/1999	

1-14

MISSOURI DEPARTMENT OF REVENUE
**NONRESIDENT INCOME
 PERCENTAGE**

1997
 FORM
MO-NRI

Attachment Sequence No. 1040-04
 DLN

INSTRUCTIONS

- Complete this form **only** after Form MO-1040, Lines 1 through 31 are completed.
- Use this form **only** if you were a nonresident or part-year resident during 1997 (filing as a nonresident) and **only part** of your income was from Missouri. If all of your income was from Missouri, enter "100%" on Form MO-1040, Page 2, Line 33 and **do not** complete this form.
- If a combined return is filed and both you and spouse have Missouri source income, each must complete their applicable columns. **Do not** combine the Missouri source income of yourself and spouse.
- Attach a copy of your federal return.
- If the entry on Form MO-1040, Lines 33Y and 33S if filing a combined return, or 33T if not filing a combined return, is less than 100%, attach Form MO-NRI to Form MO-1040.
- Military pay of a nonresident stationed in Missouri should not be included in Missouri source income.

PART A -- NONRESIDENT STATUS -- Check box on either Line 1 or Line 2 below.

<p>NAME OF YOURSELF OR ONE INCOME FILER JOHN DOE</p> <p>SOCIAL SECURITY NUMBER 123-45-6789</p> <p><input checked="" type="checkbox"/> 1. NONRESIDENT OF MISSOURI</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>a. STATE OF RESIDENCE DURING 1997 KANSAS</p> <p>b. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>c. IF NO, WHY NOT? _____</p> </div> <p><input type="checkbox"/> 2. PART-YEAR MISSOURI RESIDENT</p> <table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width:50%;">a. MISSOURI RESIDENT</td> <td style="width:25%;">DATE FROM</td> <td style="width:25%;">DATE TO</td> </tr> <tr> <td>b. OTHER STATE OF RESID.</td> <td>DATE FROM</td> <td>DATE TO</td> </tr> </table> <p>c. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>d. IF NO, WHY NOT? _____</p>	a. MISSOURI RESIDENT	DATE FROM	DATE TO	b. OTHER STATE OF RESID.	DATE FROM	DATE TO	<p>NAME OF SPOUSE (ON A COMBINED RETURN) JOAN DOE</p> <p>SOCIAL SECURITY NUMBER 987-65-4321</p> <p><input checked="" type="checkbox"/> 1. NONRESIDENT OF MISSOURI</p> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>a. STATE OF RESIDENCE DURING 1997 KANSAS</p> <p>b. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>c. IF NO, WHY NOT? _____</p> </div> <p><input type="checkbox"/> 2. PART-YEAR MISSOURI RESIDENT</p> <table border="1" style="width:100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width:50%;">a. MISSOURI RESIDENT</td> <td style="width:25%;">DATE FROM</td> <td style="width:25%;">DATE TO</td> </tr> <tr> <td>b. OTHER STATE OF RESID.</td> <td>DATE FROM</td> <td>DATE TO</td> </tr> </table> <p>c. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>d. IF NO, WHY NOT? _____</p>	a. MISSOURI RESIDENT	DATE FROM	DATE TO	b. OTHER STATE OF RESID.	DATE FROM	DATE TO
a. MISSOURI RESIDENT	DATE FROM	DATE TO											
b. OTHER STATE OF RESID.	DATE FROM	DATE TO											
a. MISSOURI RESIDENT	DATE FROM	DATE TO											
b. OTHER STATE OF RESID.	DATE FROM	DATE TO											

PART B -- SHORT FORM -- MISSOURI INCOME PERCENTAGE

- If you were a nonresident of Missouri during 1997 and your income consisted only of wages or salaries and you had no adjustments to income on Federal Form 1040A, Line 15 or Federal Form 1040, Lines 23 through 30a, you may use Part B.
- If you were a part-year resident of Missouri during 1997 (filing as a nonresident), or a nonresident of Missouri during 1997 who fails to qualify for the use of Part B, then you **must** complete Part C on page 2.

	YOURSELF OR ONE INCOME FILER		SPOUSE (ON A COMBINED RETURN)	
1. Missouri income -- enter wages, salaries, etc. from Missouri	00	1	00	00
2. Taxpayer's total adjusted gross income (from Form MO-1040, Line 15)	00	2	00	00
3. MISSOURI INCOME PERCENTAGE (divide Line 1 by Line 2). If greater than 100%, enter 100%. (Round to whole percent such as 91% instead of 90.5% and 90% instead of 90.4%. However, if percentage is less than 0.5%, use the exact percentage.) Enter percentage here and on Form MO-1040, Line 33 in applicable column	%	3	%	%

1-17

PART C -- MISSOURI INCOME PERCENTAGE

- Column A, Lines 1 through 18 must be the same as the indicated lines on Federal Form 1040A or Federal Form 1040. If a joint federal return was filed, both spouses must complete a separate Column A showing their share of the joint amounts shown on Federal Form 1040A or Federal Form 1040.
- Column B is for those items in Column A which are Missouri related. Each item of federal income (Lines 1 - 16 below), federal adjustments (Line 17 below), and Missouri modifications (Lines 19 and 20 below) must be analyzed to determine if wholly or partly Missouri related. Missouri source income (Column B) is that derived from or connected with Missouri source, including: (1) wages for Missouri work; (2) income from business, trade, profession or occupation carried on in Missouri; and (3) income from the ownership or disposition of any interest in real or tangible personal property in this state. Line 17, federal adjustments to income, must be allocated only partly to Missouri. This allocation is accomplished by dividing the Missouri source income (Column B, Line 16) by total source income (Column A, Line 16) and multiplying this percentage by the specific adjustment (Column A, Line 17).
- A part-year resident (filing as a nonresident) must include in Column B all income during the time he/she was a Missouri resident. Adjustments and modifications are Missouri related (Column B) only if directly related to Missouri source income in Column B, Lines 1 through 16.

ADJUSTED GROSS INCOME COMPUTATIONS	FED. FORM 1040A LINE NO.	FED. FM 1040 LINE NO.	YOURSELF OR ONE INCOME FILER				SPOUSE (ON A COMBINED RETURN)			
			A -- ALL SOURCES		B -- MISSOURI SOURCES		A -- ALL SOURCES		B -- MISSOURI SOURCES	
1. Wages, salaries, tips, etc.	7	7	29,000.00	1	0.00	26,000.00	1	26,000.00	00	
2. Taxable interest income	8a	8a	500.00	2	00	500.00	2	00	00	
3. Dividend income	9	9	00	3	00	00	3	00	00	
4. State & local income tax refunds	none	10	00	4	00	00	4	00	00	
5. Alimony received	none	11	00	5	00	00	5	00	00	
6. Business income or (loss).	none	12	00	6	00	00	6	00	00	
7. Capital gain or (loss).	none	13	00	7	00	00	7	00	00	
8. Other gains or (losses).	none	14	00	8	00	00	8	00	00	
9. Taxable IRA distributions	10b	15b	00	9	00	00	9	00	00	
10. Taxable pensions and annuities	11b	16b	00	10	00	00	10	00	00	
11. Rents, royalties, partnerships, S corporations, trusts, etc.	none	17	00	11	00	4,000.00	11	4,000.00	00	
12. Farm income or (loss).	none	18	00	12	00	00	12	00	00	
13. Unemployment compensation	12	19	00	13	00	00	13	00	00	
14. Taxable social security benefits	13b	20b	00	14	00	00	14	00	00	
15. Other income	none	21	00	15	00	00	15	00	00	
16. Total (add Lines 1 through 15)	14	22	29,500.00	16	0.00	30,500.00	16	30,000.00	00	
17. Less: federal adjustments to income	15	31	00	17	00	00	17	00	00	
18. FEDERAL ADJUSTED GROSS INCOME (Line 16 less Line 17)	16	32	29,500.00	18	0.00	30,500.00	18	30,000.00	00	
19. Missouri modifications -- additions to federal adjusted gross income (from Form MO-1040, Line 12)			00	19	00	00	19	00	00	
20. Missouri modifications -- subtractions from federal adjusted gross income (from Form MO-1040, Line 14)			00	20	00	00	20	00	00	
21. TOTAL ADJUSTED GROSS INCOME (all sources) (Column A, Line 18 plus Line 19 less Line 20) (must equal Form MO-1040, Line 15)			29,500.00	21		30,500.00	21			
22. MISSOURI NONRESIDENT ADJUSTED GROSS INCOME (Missouri sources) (Column B, Line 18 plus Line 19, less Line 20)				22	0.00		22	30,000.00	00	
23. MISSOURI INCOME PERCENTAGE (If Line 22 is greater than or equal to Line 21, stop here & enter 100% on Line 23 and on Form MO-1040, Page 2, Line 33 in the applicable column. If Line 22 is less than Line 21, divide Line 22 by Line 21). (Round to whole percent such as 91% instead of 90.5% & 90% instead of 90.4%. However, if percentage is less than 0.5%, use the exact percentage.) Enter percentage here and on Form MO-1040, Page 2, Line 33 in applicable column			0.0	% 23		98.0	% 23			

1-18

MISSOURI DEPARTMENT OF REVENUE
**MISCELLANEOUS INCOME
 TAX CREDITS**

1997
 FORM
MO-TC

Attachment Sequence No. 1040-02, 1120-0

NAME
 JOHN & JOAN DOE

YOUR SSN
 123-45-6789

MITS/MO I.D. NUMBER

If you are eligible for more than one credit, please specify the order in which the credits should be applied against your tax liability. If you do not specify the order, each credit will be applied against your tax liability as they appear on the form.

	ORDER TO BE APPLIED	DOR USE ONLY			yourself on a combined return		one income	
		Y	S		Y	S	corporation	fiduciary
1. New or expanded busn. facility credit (Attach Schedule K-1 or Schedule C)	▶	00	00	1	00			
2. Development reserve credit	▶	00	00	2	00			
3. Infrastructure development credit	▶	00	00	3	00			
4. Export finance credit	▶	00	00	4	00			
5. Missouri low income housing credit (Attach eligibility stmt. and fed. return)	▶	00	00	5	00			
6. Missouri business modernization and technology (seed capital) credit	▶	00	00	6	00			
7. Neighborhood assistance credit (Including homeless assistance credit)	▶	00	00	7	00		500.	00
8. Affordable housing assistance credit	▶	00	00	8	00			
9. Special needs adoption credit (Attach Form ATC)	▶	00	00	9	00			
10. Enterprise zone credit (Attach Schedule K-1 or Schedule C)	▶	00	00	10	00			
11. Small business incubator credit	▶	00	00	11	00			
12. Small business investment credit	▶	00	00	12	00			
13. Community bank investment credit	▶	00	00	13	00			
14. Qualified research expense credit	▶	00	00	14	00			
15. Higher education scholarship fund credit	▶	00	00	15	00			
16. Abandoned property credit	▶	00	00	16	00			
17. Youth opportunities credit	▶	00	00	17	00			
18. Processed wood energy credit	▶	00	00	18	00			
19. MO business use incentives for large-scale development (BUILD) credit	▶	00	00	19	00			
20. SUBTOTALS -- add Lines 1 through 19		00	00	20	0.	00		500. 00
21. Total Credits -- add Lines 20Y and 20S (Enter here and on Form MO-1120, Line 16, or Form MO-1040, Line 37, or Form MO-1041, Line 19)			00	21				500. 00

See instructions

1-19

EXAMPLE: WITHOUT MISSOURI NAP CREDIT OF \$500

K-40

KANSAS 1997 INDIVIDUAL INCOME TAX

For the year January 1 - December 31, 1997 or other taxable year beginning 1997, ending 19

023

DO NOT ATTACH LABEL

Name and Address

JOHN DOE
JOAN DOE
12200 E 1ST ST
OVERLAND PARK KS 66052
JO 368 97
DOE
123456789
DOE
987654321

FOR COMPUTERIZED USE ONLY -- MAKE NO MARKS IN THIS AREA

Table with 10 columns: AC, DC, FI, RE, EX, HH, TE, FF, and values for each category.

If your name or address has changed since last year, check this box
If taxpayer (or spouse if filing joint) died during this tax year, check this box
If taxpayer was engaged in commercial farming or fishing in 1997, check this box

Filing Status

- Single
Married filing joint
Married filing separate
Head of household

Residency Status

- Resident
Nonresident
Part-year resident

From To

Exemptions

Number of exemptions on 1997 federal return
Head of hshld., add exemption
Total exemptions

Main tax calculation table with rows A through Z and columns for various income and tax items.

I declare under the penalties of perjury that to the best of my knowledge and belief this is a true, correct, and complete return. I authorize the Director of Taxation or the Director's designee to discuss my return and attachments with my preparer.



Signature of taxpayer

Date

Signature of preparer other than taxpayer

DOUGLAS H. BROWN, CPA
811 RED ROAD
INDEPENDENCE MO 64055

If joint return, BOTH taxpayer and spouse must sign

Address and phone number of preparer 816-833-4090

1-20

MISSOURI DEPARTMENT OF REVENUE
INDIVIDUAL INCOME TAX RETURN

1997
FORM
MO-1040

DLN

FOR CALENDAR YEAR JAN. 1 - DEC. 31, 1997, OR FISCAL YEAR BEGINNING

1997, ENDING

19

AMENDED RETURN -- CHECK HERE

DOR ONLY ▶ PM

E

STEP 1 -- NAME AND ADDRESS

YOUR LAST NAME DOE	FIRST NAME JOHN	INITIAL	YOUR SOCIAL SECURITY NO. 123-45-6789	Check appropriate box if you are a non-obligated spouse. (see inst.)
SPOUSE'S LAST NAME DOE	FIRST NAME JOAN	INITIAL	SPOUSE'S SOCIAL SECURITY NO. 987-65-4321	
IN CARE OF NAME (ATTORNEY, ACCOUNTANT, GUARDIAN, PERSONAL REPRESENTATIVE, ETC.)			COUNTY OF RESIDENCE JACKSON	SCHOOL DIST. NO. 347
PRESENT ADDRESS (INCLUDE APARTMENT # OR RURAL ROUTE) 12200 E 1ST ST				
CITY, TOWN OR POST OFFICE, STATE AND ZIP CODE OVERLAND PARK KS 66052				

YOURSELF
 SPOUSE

You may contribute to any one or all of the trust funds below. Place the total amount contributed on Lines 50a, 50b and 50c. Please see the inst. for these lines for a complete description of each trust fund.

Children's Trust Fund	Veterans Trust Fund	Elderly Home Delivered Meals Trust Fund
-----------------------	---------------------	---

Attach copies of pages 1 and 2 of your Federal Form 1040 or 1040A if you:

- itemized deductions on your federal return (also attach a copy of Federal Schedule A);
- have mod. on Form MO-A, Part 2;
- claim a pension exemption;
- have loss(es) of \$1,000 or more on Line 15T below;
- file Form MO-NRI;
- claim low income housing credit &/or low income housing recapture; or
- claim other fed. tax ded. on Line 20

STEP 2 -- CHECK YOUR FILING STATUS

- | | |
|---|--|
| <input type="checkbox"/> 1. Single -- \$1,200 (see Box 6 before checking) | <input type="checkbox"/> 5. Qualifying widow(er) with dep. child -- \$2,000 |
| <input checked="" type="checkbox"/> 2. Married and filing a combined Missouri return -- \$2,400 | <input type="checkbox"/> 6. Claimed as a dependent on another person's federal tax return -- \$0.00 (see instructions) |
| <input type="checkbox"/> 3A. Married filing separate -- \$1,200 | |
| <input type="checkbox"/> 3B. Married filing sep. (spouse not filing) -- \$2,400 | |
| <input type="checkbox"/> 4. Head of household -- \$2,000 | |

If you checked Box 2 above, complete Column Y, S, and T. If you checked any box other than Box 2, complete only Column T.

ADDITIONAL INFORMATION (Check all applicable boxes)

- | |
|--|
| <input type="checkbox"/> 7. 65 or over -- yourself |
| <input type="checkbox"/> 8. 65 or over -- spouse |
| <input type="checkbox"/> 9. Blind -- yourself |
| <input type="checkbox"/> 10. Blind -- spouse |

STEP 3 -- FIGURE MO ADJ. GROSS INCOME

	COMBINED INCOME				ONE INCOME	
	Y - YOURSELF		S - SPOUSE		T - TOTAL/ONE INCOME	
11. Federal adjusted gross income (see instructions) ▶	11Y	29,500.00	11S	30,500.00	11T	60,000.00
12. Total additions (from Form MO-A, Part 2, Line 3) ▶	12Y	00	12S	00	12T	00
13. Total income -- add Lines 11 and 12	13Y	29,500.00	13S	30,500.00	13T	60,000.00
14. Total subtractions (from Form MO-A, Part 2, Line 7) ▶	14Y	00	14S	00	14T	00
15. Missouri adjusted gross income -- Line 13 less Line 14 ▶	15Y	29,500.00	15S	30,500.00	15T	60,000.00

STEP 4 -- FIGURE YOUR TAXABLE INCOME

ATTACH COPY OF FORM W-2 & OR 1099-R

16. Income percentages -- divide Columns 15Y and 15S by 15T	16Y	49.0	%	16S	51.0	%	16T	100%
17. Government pension exemption (from Form MO-A, Part 3, Line 6T) ▶	17							00
18. Missouri STANDARD DEDUCTION OR ITEMIZED DEDUCTIONS (see instructions) ▶	18							6,900.00
19. Federal income tax (from Federal Telefile Tax Record, Line J (second box) minus Line K; Federal Form 1040EZ, Line 10 minus Line 8a; Federal Form 1040A, Line 25 minus Line 29c; or Federal Form 1040, Line 46 minus Line 56a) ▶	19			8,035.00				
20. Other federal tax (see instructions). Attach pages 1 and 2 of federal return. ▶	20							00
21. Total federal tax -- add Lines 19 and 20. ▶	21			8,035.00				00
22. Federal tax deduction. Enter amount from Line 21 not to exceed \$5,000 (\$10,000 for combined) ▶	22							8,035.00
23. Exemption amount checked on Lines 1 through 6. ▶	23							2,400.00
24. Number of dependents (DO NOT INCLUDE YOURSELF OR SPOUSE) from Federal Form 1040A, Line 6c OR Federal Form 1040, Line 6c. ▶	24			0	X \$400 =			00
25. Total deductions -- add Lines 17, 18, 22, 23 and 24	25							17,335.00
26. Subtotal -- subtract Line 25 from Line 15T. ▶	26							42,665.00
27. Multiply Line 26 by percentages (%) on Line 16	27Y	20,906.00		27S	21,759.00		27T	42,665.00
28. Enterprise zone income modification (see instructions) ▶	28Y			00			28S	00
29. Subtract Line 28 from Line 27. Enter here and on Line 30. ▶	29Y	20,906.00		29S	21,759.00		29T	42,665.00

STEP 5 -- FIGURE YOUR TAX		Y - YOURSELF		S - SPOUSE		T - TOTAL/ONE INCL			
30. Taxable income amount from Line 29Y, 29S and/or 29T	30Y	20,906.	00	30S	21,759.	00	30T	42,665.	00
31. TAX on Line 30 (see tax table, Form MO-A, page 1)	31Y	1,029.	00	31S	1,081.	00	31T	2,110.	00
32. Resident credit (attach Form MO-CR and other state's return)	32Y		00	32S		00	32T		00
OR									
33. Nonresident percentage (attach Form MO-NRI and copy of federal return). Check appropriate box if you or your spouse is a professional entertainer or a member of a professional athletic team. ▶ <input type="checkbox"/> YOURSELF ▶ <input type="checkbox"/> SPOUSE	33Y	0.0	%	33S	98.0	%	33T	50.0	%
34. Balance (Resident -- subtract Line 32 from Line 31 OR Nonresid. -- mult. Line 31 by percentage on Line 33). ▶	34Y	0.	00	34S	1,059.	00	34T	1,059.	00
35. Other taxes (check box & attach federal form indicated): ▶ <input type="checkbox"/> Lump sum distribution (Form 4972) ▶ <input type="checkbox"/> Recapture of low income housing credit (Form 8611)	35Y		00	35S		00	35T		00
36. TOTAL TAX -- add Lines 34 and 35	36Y	0.	00	36S	1,059.	00	36T	1,059.	00

STEP 6 -- FIGURE YOUR CREDITS AND PAYMENTS

37. Miscellaneous tax credits (from Form MO-TC, Line 21). Form MO-TC must be attached	37		00																								
38. Property tax credit. Attach Form MO-PTC	38		00																								
39. MO tax withheld as shown on your Form W-2(s) or Form 1099-R(s). Form W-2(s) and Form 1099-R(s) must be attached	39		00																								
40. 1997 Missouri estimated tax payments (include overpayment from 1996 applied to 1997)	40		00																								
41. Missouri tax withheld for nonresident partners or S corporation shareholders	41		00																								
42. Add Lines 40 and 41	42		00																								
43. Amount paid with Missouri extension of time to file (Form MO-60 or Form MO-1040V)	43		00																								
44. AMENDED RETURN ONLY: Amount paid on original return	44		00																								
45. Add Lines 37 through 39 and 42 through 44	45		00																								
46. AMENDED RETURN ONLY: Refund as shown on original return	46		00																								
IF FILING AN AMENDED RETURN, INDICATE REASON(S) FOR AMENDING.																											
▶ <input type="checkbox"/> A. Federal audit Enter date of IRS report ▶	<table border="1"> <tr><td>M</td><td>M</td><td>D</td><td>D</td><td>Y</td><td>Y</td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td></tr> </table>			M	M	D	D	Y	Y																		
M				M	D	D	Y	Y																			
▶ <input type="checkbox"/> B. Net operating loss carryback Enter year of loss ▶																											
▶ <input type="checkbox"/> C. Investment tax credit carryback Enter year of credit ▶																											
▶ <input type="checkbox"/> D. Correction other than A, B or C Enter date of federal amended return, if filed ▶																											
47. Total payments and credits -- subtract Line 46 from Line 45	47		0.00																								

STEP 7 -- FIGURE YOUR REFUND OR AMOUNT DUE

48. If Line 47 is larger than Line 36T, enter the difference (amount of OVERPAYMENT) here	48		00
49. Amount of Line 48 to be applied to your 1998 estimated tax	49		00
50. Amount of Line 48 to be contributed to trust funds			
50a. Children's Trust Fund	50a		00
50b. Veterans Trust Fund	50b		00
50c. Elderly Home Delivered Meals Trust Fund	50c		00
51. Overpayment to be refunded to you. Subtract Lines 49, 50a, 50b and 50c from Line 48 and enter here. Mail return to: DEPARTMENT OF REVENUE, P.O. BOX 500, JEFFERSON CITY, MO 65106-0500. REFUND ▶	51		00
52. If Line 36T is larger than Line 47, enter the difference (amount of UNDERPAYMENT) here	52	1,059.	00
53. Underpayment of estimated tax penalty (attach Form MO-2210). Enter penalty amount here	53		00
54. Total amount due. Add Lines 52 & 53 & enter here. Mail return & payment to: DEPARTMENT OF REVENUE, P.O. BOX 329, JEFFERSON CITY, MO 65107-0329. Please write your SSN(s) & daytime phone no. on your check or money order (U.S. funds only) made payable to: Missouri Director of Revenue . . . AMOUNT DUE ▶	54	1,059.	00

STEP 8 -- PLEASE SIGN RETURN

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has any knowledge. As provided in Chapter 143, RSMo, a penalty of up to \$500 shall be imposed on any individual who files a frivolous return.

I authorize the Director of Revenue or delegate to discuss my return & attachments with the preparer or any member of his/her firm. YES NO

PREPARER'S TELEPHONE: 816-833-4090

DOR ONLY **S** **E** **U** **P** **F**

YOUR SIGNATURE: _____ DATE: _____ PREPARER'S SIGNATURE: _____ FEIN OR SSN: ▶ 133-36-5319

SPOUSE'S SIGNATURE (If filing combined, BOTH must sign): _____ DAYTIME TELEPHONE: _____ PREPARER'S ADDRESS AND ZIP CODE: 811 RED ROAD INDEPENDENCE MO 64055 DATE: 01/26/1999

1-22

MISSOURI DEPARTMENT OF REVENUE
**NONRESIDENT INCOME
 PERCENTAGE**

1997
 FORM
MO-NRI

Attachment Sequence No. 1040-04
 DLN

INSTRUCTIONS

- Complete this form **only** after Form MO-1040, Lines 1 through 31 are completed.
- Use this form **only** if you were a nonresident or part-year resident during 1997 (filing as a nonresident) and only **part** of your income was from Missouri. If all of your income was from Missouri, enter "100%" on Form MO-1040, Page 2, Line 33 and **do not** complete this form.
- If a combined return is filed and both you and spouse have Missouri source income, each must complete their applicable columns. **Do not** combine the Missouri source income of yourself and spouse.
- Attach a copy of your federal return.
- If the entry on Form MO-1040, Lines 33Y and 33S if filing a combined return, or 33T if not filing a combined return, is less than 100%, attach Form MO-NRI to Form MO-1040.
- Military pay of a nonresident stationed in Missouri should not be included in Missouri source income.

PART A -- NONRESIDENT STATUS -- Check box on either Line 1 or Line 2 below.

NAME OF YOURSELF OR ONE INCOME FILER JOHN DOE SOCIAL SECURITY NUMBER 123-45-6789 <input checked="" type="checkbox"/> 1. NONRESIDENT OF MISSOURI <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> a. STATE OF RESIDENCE DURING 1997 KANSAS b. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO c. IF NO, WHY NOT? _____ _____ </div> <input type="checkbox"/> 2. PART-YEAR MISSOURI RESIDENT <table border="1" style="width:100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width:20%;">a. MISSOURI RESIDENT</td> <td style="width:20%;">DATE FROM</td> <td style="width:20%;">DATE TO</td> </tr> <tr> <td>b. OTHER STATE OF RESID.</td> <td>DATE FROM</td> <td>DATE TO</td> </tr> <tr> <td colspan="3">c. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td colspan="3">d. IF NO, WHY NOT? _____</td> </tr> </table>	a. MISSOURI RESIDENT	DATE FROM	DATE TO	b. OTHER STATE OF RESID.	DATE FROM	DATE TO	c. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input type="checkbox"/> YES <input type="checkbox"/> NO			d. IF NO, WHY NOT? _____			NAME OF SPOUSE (ON A COMBINED RETURN) JOAN DOE SOCIAL SECURITY NUMBER 987-65-4321 <input checked="" type="checkbox"/> 1. NONRESIDENT OF MISSOURI <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> a. STATE OF RESIDENCE DURING 1997 KANSAS b. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO c. IF NO, WHY NOT? _____ _____ </div> <input type="checkbox"/> 2. PART-YEAR MISSOURI RESIDENT <table border="1" style="width:100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width:20%;">a. MISSOURI RESIDENT</td> <td style="width:20%;">DATE FROM</td> <td style="width:20%;">DATE TO</td> </tr> <tr> <td>b. OTHER STATE OF RESID.</td> <td>DATE FROM</td> <td>DATE TO</td> </tr> <tr> <td colspan="3">c. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td colspan="3">d. IF NO, WHY NOT? _____</td> </tr> </table>	a. MISSOURI RESIDENT	DATE FROM	DATE TO	b. OTHER STATE OF RESID.	DATE FROM	DATE TO	c. ARE YOU FILING AN INCOME TAX RETURN WITH THAT STATE FOR 1997? <input type="checkbox"/> YES <input type="checkbox"/> NO			d. IF NO, WHY NOT? _____		
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d. IF NO, WHY NOT? _____																									

PART B -- SHORT FORM -- MISSOURI INCOME PERCENTAGE

- If you were a nonresident of Missouri during 1997 and your income consisted only of wages or salaries and you had no adjustments to income on Federal Form 1040A, Line 15 or Federal Form 1040, Lines 23 through 30a, you may use Part B.
- If you were a part-year resident of Missouri during 1997 (filing as a nonresident), or a nonresident of Missouri during 1997 who fails to qualify for the use of Part B, then you **must** complete Part C on page 2.

			YOURSELF OR ONE INCOME FILER		SPOUSE (ON A COMBINED RETURN)
1. Missouri income -- enter wages, salaries, etc. from Missouri	00	1			00
2. Taxpayer's total adjusted gross income (from Form MO-1040, Line 15)	00	2			00
3. MISSOURI INCOME PERCENTAGE (divide Line 1 by Line 2). If greater than 100%, enter 100%. (Round to whole percent such as 91% instead of 90.5% and 90% instead of 90.4%. However, if percentage is less than 0.5%, use the exact percentage.) Enter percentage here and on Form MO-1040, Line 33 in applicable column	%	3			%

PART C -- MISSOURI INCOME PERCENTAGE

- Column A, Lines 1 through 18 must be the same as the indicated lines on Federal Form 1040A or Federal Form 1040. If a joint federal return was filed, both spouses must complete a separate Column A showing their share of the joint amounts shown on Federal Form 1040A or Federal Form 1040.
- Column B is for those items in Column A which are Missouri related. Each item of federal income (Lines 1 - 16 below), federal adjustments (Line 17 below), and Missouri modifications (Lines 19 and 20 below) must be analyzed to determine if wholly or partly Missouri related. Missouri source income (Column B) is that derived from or connected with Missouri source, including: (1) wages for Missouri work; (2) income from business, trade, profession or occupation carried on in Missouri; and (3) income from the ownership or disposition of any interest in real or tangible personal property in this state. Line 17, federal adjustments to income, must be allocated only partly to Missouri. This allocation is accomplished by dividing the Missouri source income (Column B, Line 16) by total source income (Column A, Line 16) and multiplying this percentage by the specific adjustment (Column A, Line 17).
- A part-year resident (filing as a nonresident) must include in Column B all income during the time he/she was a Missouri resident. Adjustments and modifications are Missouri related (Column B) only if directly related to Missouri source income in Column B, Lines 1 through 16.

ADJUSTED GROSS INCOME COMPUTATIONS	FED. FORM 1040A LINE NO.	FED. FM 1040 LINE NO.	YOURSELF OR ONE INCOME FILER				SPOUSE (ON A COMBINED RETURN)			
			A -- ALL SOURCES		B -- MISSOURI SOURCES		A -- ALL SOURCES		B -- MISSOURI SOURCES	
1. Wages, salaries, tips, etc.	7	7	29,000.00	1	0.00	26,000.00	1	26,000.00	00	
2. Taxable interest income	8a	8a	500.00	2	00	500.00	2		00	
3. Dividend income.	9	9	00	3	00	00	3		00	
4. State & local income tax refunds	none	10	00	4	00	00	4		00	
5. Alimony received	none	11	00	5	00	00	5		00	
6. Business income or (loss).	none	12	00	6	00	00	6		00	
7. Capital gain or (loss).	none	13	00	7	00	00	7		00	
8. Other gains or (losses).	none	14	00	8	00	00	8		00	
9. Taxable IRA distributions	10b	15b	00	9	00	00	9		00	
10. Taxable pensions and annuities .	11b	16b	00	10	00	00	10		00	
11. Rents, royalties, partnerships, S corporations, trusts, etc.	none	17	00	11	00	4,000.00	11	4,000.00	00	
12. Farm income or (loss).	none	18	00	12	00	00	12		00	
13. Unemployment compensation . .	12	19	00	13	00	00	13		00	
14. Taxable social security benefits .	13b	20b	00	14	00	00	14		00	
15. Other income	none	21	00	15	00	00	15		00	
16. Total (add Lines 1 through 15) . .	14	22	29,500.00	16	0.00	30,500.00	16	30,000.00	00	
17. Less: federal adjustments to income	15	31	00	17	00	00	17		00	
18. FEDERAL ADJUSTED GROSS INCOME (Line 16 less Line 17) . .	16	32	29,500.00	18	0.00	30,500.00	18	30,000.00	00	
19. Missouri modifications -- additions to federal adjusted gross income (from Form MO-1040, Line 12)			00	19	00	00	19		00	
20. Missouri modifications -- subtractions from federal adjusted gross income (from Form MO-1040, Line 14)			00	20	00	00	20		00	
21. TOTAL ADJUSTED GROSS INCOME (all sources) (Column A, Line 18 plus Line 19 less Line 20) (must equal Form MO-1040, Line 15).			29,500.00	21		30,500.00	21			
22. MISSOURI NONRESIDENT ADJUSTED GROSS INCOME (Missouri sources) (Column B, Line 18 plus Line 19, less Line 20).				22	0.00		22	30,000.00	00	
23. MISSOURI INCOME PERCENTAGE (If Line 22 is greater than or equal to Line 21, stop here & enter 100% on Line 23 and on Form MO-1040, Page 2, Line 33 in the applicable column. If Line 22 is less than Line 21, divide Line 22 by Line 21). (Round to whole percent such as 91% instead of 90.5% & 90% instead of 90.4%. However, if percentage is less than 0.5%, use the exact percentage.) Enter percentage here and on Form MO-1040, Page 2, Line 33 in applicable column			0.0	% 23		98.0	% 23			

1-24

Office of Policy & Research
Shirley K. Sicilian, Director
915 SW Harrison St.
Topeka, KS 66625



(785) 296-3081
FAX (785) 296-7928
Hearing Impaired TTY (785) 296-6461
Internet Address: www.ink.org/public/kdor

Office of Policy & Research

TESTIMONY

To: Senator Audrey Langworthy
Chair, Senate Committee on Assessment and Taxation

From: Shirley Sicilian
Director of Policy & Research, Kansas Department of Revenue

Re: **Senate Bill 228**

Date: February 22, 1999

Senator Langworthy and members of the committee, thank you for the opportunity to present testimony today regarding Senate Bill 228. My name is Shirley Sicilian and I am Director of Policy & Research with the Department of Revenue. Senate Bill 228 would affect individual income tax for Kansans who have income from other states.

Current Law.

Under current law, a Kansas resident will pay Kansas income tax on all income, from whatever source, including income earned in other states. Income earned in another state may also be subject to income tax in that other state. Therefore, in order to avoid double taxation, Kansas allows its residents a credit against Kansas income tax for any income taxes paid to another state. This is the general system followed by most states for individual income taxpayers. As a point of reference, we avoid double taxation of corporate income taxpayers through a system of apportioning income, rather than a system of allowing credits for taxes paid on the income.

One outcome of this credit system is that any change in the other state's tax structure or rates will have a corresponding offsetting effect on the Kansas credit. For example, a cut in the Missouri income tax rate would reduce taxes owed to Missouri, which would lower the Kansas credit allowed for taxes paid to other states. The net effect would be an increase in the Kansas taxes owed by exactly the same amount as the Missouri decrease. Likewise, an increase in the Missouri tax rate would raise taxes paid to that state and increase the Kansas credit allowed, thereby reducing Kansas taxes by exactly the same amount.

Senate Bill 228.

SB 228 would create an exception to this credit system. The exception would occur in those cases where a Kansas resident reduces their tax liability in another state specifically by taking a credit for charitable contributions in that other state. Under SB 228, the Kansas resident would not reflect that reduced liability to the other state. Instead, they would be able to take a Kansas credit for taxes paid to other states at the higher, pre-charitable credit, level. For example, if a

Senate Assessment + Taxation
2-22-99
Attachment 2

Kansas resident has a Missouri income tax liability of \$100 (pre-credits), and then reduces that liability to \$75 by taking a \$25 Missouri charitable credit, that taxpayer would pay the state of Missouri \$75. Under SB 228, Kansas would allow that taxpayer to take a credit against Kansas income tax in the amount of \$100, even though the taxpayer only actually paid Missouri \$75. Kansas would essentially allow the other states' charitable credits to "flow through" to offset Kansas tax liability. (see sheet 1, attached).

Remember that under current law a charitable credit taken in another state will cause the Kansas credit for taxes paid to go down by the same amount. This "credit offset" under current law reduces the incentive to make those contributions in other states. However, it does not completely eliminate the incentive. While Kansas does not currently allow a *credit* to flow through, it does allow a *deduction* to flow through. The federal government allows a deduction for charitable contributions. Kansas does not require an "add back." Thus, the federal deduction flows through to Kansas as a reduction in Kansas adjusted gross income.

Also, under current law, if a resident taxpayer qualifies for a credit in his or her state of residence, there is no offset. Current law would allow a Kansas resident to receive the full value of a charitable credit if the charitable donation is made in Kansas and qualifies for one of Kansas charitable credits.

The treatment under current law is not unique to Kansas. Most states, including Missouri, would produce an identical outcome. According to the Missouri Secretary of Revenue, Missouri residents who make a charitable contribution in Kansas and earn a Kansas credit, will see their Missouri credit for taxes paid to other states decrease accordingly.

Summary.

SB 228 would short circuit the credit offset in Kansas and increase the incentive for Kansas residents to make charitable contributions in other states, beyond just allowing a Kansas deduction.

to allow an

	Current Law			Taxes Actually Paid
	KS	MO		
K A G I	\$ 60,000	\$ 60,000	M A G I	
Std /Itm. Ded	\$ 5,000			
Personal Ex	\$ 4,000			
Taxable Income	\$ 51,000	\$ 42,665		
Tax	\$ 2,363	\$ 1,059		
Other States Tax Credit	\$ 559	\$ 500	N.A.P. Credit	
Net Tax Liability	\$ <u>1,804</u>	\$ <u>559</u>		\$ <u>2,363</u>

	Proposed			
	KS.	MO.		
K.A.G.I.	\$ 60,000	\$ 60,000	M.A.G.I	
Std /Itm. Ded	\$ 5,000			
Personal Ex.	\$ 4,000			
Taxable Income	\$ 51,000	\$ 42,665		
Tax	\$ 2,363	\$ 1,059		
Other States Tax Credit	\$ 1,059	\$ 500	N.A.P. Credit	
Net Tax Liability	\$ <u>1,304</u>	\$ 559		\$ <u>1,863</u>

Under the proposed method, a taxpayer would receive a \$500 N.A.P. credit in Missouri and Kansas.

If the taxpayer itemized their deductions, their federal and state taxes would be reduced by the top marginal rates. A \$1,000 deduction at a 28% federal marginal rate, and a 6.25% Kansas marginal rate would reduce the taxpayers federal liability \$280, Kansas liability \$62.50.

Under the Proposed method of allowing a Missouri Credit to be claimed in Kansas, a Kansas taxpayer itemizing their deductions could receive a reduction in federal and state tax liability of \$842.50 for a \$1,000 charitable deduction made in Missouri.

Under Current law with no N.A.P. credits taken in Missouri, this taxpayer will pay Missouri \$1,059 and Kansas \$1,304 for a total tax to Kansas and Missouri of \$2,363.

Under Current law, with a \$500 Missouri N.A.P. credit taken in Missouri, this taxpayer will pay Missouri \$559 and Kansas \$1,804 for a total tax to Kansas and Missouri of \$2,363.

Under the Proposed Change, with a \$500 Missouri N.A.P. credit taken in Missouri, this taxpayer will pay Missouri \$559 and Kansas \$1,304 for a total tax to Kansas and Missouri of \$1,863.



February 22, 1999

TO: Kansas State Senate Committee on Assessment and Taxation
FROM: Science City at Union Station
RE: Senate Bill 228 regarding Kansas Credit for Taxes Paid to Another State

We are pleased to go on record in strong support of Senate Bill 228.

Science City at Union Station is a unique and very successful example of bi-state cooperation. Residents of Kansas and Missouri have worked for more than a decade to help restore this great landmark and to create a world-class science center for our entire region. In 1996, more than 65% of Johnson County, KS voters joined voters in Jackson, Clay and Platte counties in Missouri to approve the nation's first such bi-state compact--a 1/8 cent metropolitan sales tax which will provide \$118 million for our project. In this same spirit of bi-state cooperation, private contributions from Kansas and Missouri corporations, foundations and individuals total nearly \$100 million.

Among our donors are Kansas residents who have recognized the importance of our project and who have generously made substantial contributions. Tax credits provided by the State of Missouri have been a major incentive for these individuals. It would be very unfortunate if the credits they received in Missouri could not be recognized in Kansas.

Although Senate Bill 228 does not affect large corporations which have contributed most of the private funds to our project, failure to pass the bill would adversely impact our fundraising from Kansas residents.

Therefore, in the spirit of bi-state cooperation and to encourage ongoing support for worthwhile projects in Kansas and Missouri we urge passage of Senate Bill 228.

Thank you,

A handwritten signature in black ink, appearing to read "Dave Ucko".

Dave Ucko, President
Science City at Union Station

A handwritten signature in black ink, appearing to read "Andy Scott".

Andy Scott, Executive Director
Union Station Assistance Corporation

Senate Assessment & Taxation

SENATE BILL No. 242

By Senators Hensley, Barone, Biggs, Downey, Feleciano, Gilstrap
Gooch, Goodwin, Jones, Lee, Petty, Steineger and Stephens

2-4

10 AN ACT relating to income taxation; allowing a credit therefrom for fos-
11 ter parents.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. For all taxable years commencing after December 31,
15 1998, there shall be allowed a credit against the tax liability of a resident
16 individual imposed under the Kansas income tax act who for at least 12
17 consecutive months, is a foster parent licensed pursuant to the provisions
18 of K.A.R. 28-4-311 *et seq.*, and amendments thereto. Such credit shall be
19 claimed for the taxable year in which such time period ends, and shall be
20 in the amount of \$1,000. If the amount of such credit exceeds the income
21 tax liability of the individual, such excess amount shall be refunded to the
22 individual.

23 Sec. 2. This act shall take effect and be in force from and after its
24 publication in the statute book.

and who has in placement one or more children in the custody of the secretary of social and rehabilitation services or the commissioner of the juvenile justice authority during at least 305 days, whether or not consecutive, of the taxable year of such individual

Senate Assessment & Taxation
2-22-99
Attachments

Senate Assessment & Taxation
2-22-99
Attachments

State of Kansas

Senate Chamber

ANTHONY HENSLEY
STATE SENATOR, NINETEENTH DISTRICT
SHAWNEE, DOUGLAS & OSAGE COUNTIES

HOME ADDRESS:
2226 S.E. VIRGINIA AVENUE
TOPEKA, KANSAS 66605-1357
(785) 232-1944—HOME



Office of Democratic Leader

ROOM 347-N, STATE CAPITOL
TOPEKA, KANSAS 66612-1504
(785) 296-3245
1-800-432-3924

COMMITTEE ASSIGNMENTS
VICE CHAIRMAN: CONFIRMATIONS OVERSIGHT

MEMBER: EDUCATION
HEALTH CARE REFORM
OVERSIGHT COMMITTEE
INTERSTATE COOPERATION
LABOR EDUCATION CENTER
ADVISORY COUNCIL
LEGIS. COORDINATING COUNCIL
LEGIS. POST AUDIT
STATE FINANCE COUNCIL
UTILITIES
WORKERS COMPENSATION
FUND OVERSIGHT

Senate Assessment and Taxation Committee

Senate Bill No. 280

February 22, 1999

Senator Langworthy and Committee Members:

I testify today in support of 1999 Senate Bill No. 280, a bill which would increase the current property tax homestead exemption approved in 1997 from \$20,000 to \$40,000. The effect of this bill would be to exempt from the statewide school mill levy (20 mills) the first \$40,000 of appraised value on all residential property. The bill would also extend the homestead exemption to the year 2000.

This can best be described as a "targeted" tax cut. Exempting part of the appraised value of residential property has been and will continue to be of great benefit to the homeowners of Kansas. A recent computer run has shown that homeowners benefit more from the homestead exemption than they do from lowering the statewide mill levy. Legislative research has shown that while lowering the statewide mill levy does decrease the amount of property taxes paid by homeowners, the most savings is seen by business and non-residential property owners.

In 1997 and 1998, less than 41% of the statewide mill levy reductions were passed on to residential homeowners. Since 1997, major industries and utilities in our state have received the largest share (59%) of the \$279 million in the statewide mill levy tax cuts. For example, Western Resources paid \$87.5 million in property taxes in 1996, compared to \$66.7 million in 1997. This \$20.8 million tax reduction represents a 24% cut in property taxes. How many homeowners could say their property taxes have gone down by 24%?

I strongly urge you to support Senate Bill No. 280, and I am open for any questions you may have.

Mill Levy - Homestead Property Tax Comparison

	<u>Mill Levy</u>	<u>Homestead</u>	<u>Total</u>
1998	76,780,742	38,856,493	115,637,235
1999	202,194,495	65,227,746	267,422,241
2000	258,869,663	66,301,004	325,170,667
2001	264,273,871	67,330,004	331,603,875
2002	273,799,277	68,359,004	342,158,281
2003	283,663,540	69,388,004	353,051,544
2004	293,878,183	70,417,004	364,295,187
2005	304,455,118	71,446,004	375,901,122

Breakdown of Percentage of Total Tax Base

	1996	1997	1998
Residential	40.48%	39.27%	40.59%
Non-residential	59.52%	60.73%	59.41%
(Business)	28.10%	29.22%	30.23%
C/I Real	19.53%	20.36%	21.01%
Bus M/E	8.57%	8.86%	9.22%

	<u>FY 1998</u> <u>Mill Levy Cut Only</u>	<u>FY 1999</u> <u>Mill Levy Cut Only</u>
Residential	30,151,797	82,070,746
Business	22,435,333	61,123,396
All Non-Residential	46,628,945	120,123,749

	<u>FY 1998</u>	<u>Homestead</u> <u>FY 1999</u>
	38,856,493	65,277,746

		ASSESSED	1996 TOTAL	TAXES @	TAXES @
	COMPANY NAME	VALUE	GENERAL	1 MILL	6 MILLS
			TAXES		
	WESTERN RESOURCES				
	ELECTRIC DIVISION	351,940,192	36,683,308		
	GAS DIVISION	62,753,592	8,091,737		
	KANSAS GAS & ELECTRIC	498,343,874	41,834,000		
	MID-CONTINENT MARKET CENTER	8,250,000	914,911		
(1)	TOTAL WESTERN RESOURCES	921,287,658	87,523,956	921,288	5,527,726
(2)	SOUTHWESTERN BELL	341,554,010	43,189,199	341,554	2,049,324
(3)	KANSAS CITY POWER & LIGHT	346,687,481	27,721,981	346,687	2,080,125
	SPRINT COMPANIES				
	U S SPRINT	35,067,780	3,967,263		
	UNITED TEL KS	20,460,000	2,600,465		
	UNITED TEL SOUTH CENTRAL KS	5,775,000	740,197		
	UNITED TEL EASTERN KS	28,050,000	3,256,554		
	UNITED TEL SOUTHEASTERN KS	1,786,586	168,249		
(4)	TOTAL SPRINT COMPANIES	91,139,366	10,732,728	91,139	546,836
	ENRON COMPANIES				
	ENRON LIQUIDS PIPELINE	5,209,652	556,915		
	NORTHERN NATURAL	80,252,845	8,738,331		
	NGP PIPELINE	1,238,101	146,087		
	ENRON GATHERING LP	11,319,000	926,901		
(5)	TOTAL ENRON COMPANIES	98,019,598	10,368,233	98,020	588,118
	UTILICORP COMPANIES				
	WESTPLAINS	48,840,000	5,666,792		
	MISSOURI PUBLIC SERVICES	22,236,278	1,851,234		
	PEOPLES NATURAL GAS	16,527,159	1,935,612		
	KANSAS PUBLIC SERVICE	3,465,000	403,749		
(6)	TOTAL UTILICORP	91,068,437	9,857,387	91,068	546,411
	UP/SP				
	UNION PACIFIC	76,195,654	8,797,023		
	SOUTHERN PACIFIC	7,804,046	909,193		
(7)	TOTAL UP/SP	83,999,700	9,706,216	84,000	503,998
	WILLIAMS COMPANIES				
	WILLIAMS NATURAL GAS	58,946,531	6,165,418		
	WILLIAMS PIPELINE	15,094,649	1,995,306		
	WILLIAMS GAS PROCESSING	9,240,000	725,251		
	VYVX INC	183,590	20,732		
(8)	TOTAL WILLIAMS COMPANIES	83,464,770	8,906,707	83,465	500,789
	PANHANDLE EASTERN COMPANIES				
	PANHANDLE EASTERN PIPELINE	74,635,484	6,818,673		
	PAN GAS STORAGE	9,240,000	1,395,376		
	PANHANDLE FIELD SERVICES	5,280,000	450,081		
(9)	TOTAL PANHANDLE COMPANIES	89,206,484	8,664,130	89,206	535,239

		1996 TOTAL		
	COMPANY NAME	ASSESSED VALUE	GENERAL TAXES	TAXES @ 1 MILL
				TAXES @ 6 MILLS
	BNSF			
	BURLINGTON NORTHERN	11,449,371	1,286,782	
	SANTA FE RR	40,126,275	5,148,174	
(10)	TOTAL BNSF	51,575,646	6,434,957	51,576 309,454
(11)	SUNFLOWER ELECTRIC COOP.	56,100,000	5,659,687	56,100 336,600
	THE COASTAL COMPANIES			
	ANR PIPELINE	24,693,686	2,584,100	
	COLORADO INTERSTATE GAS PIPELINE	15,492,777	1,299,501	
(12)	TOTAL COASTAL COMPANIES	40,186,463	3,883,601	40,186 241,119
(13)	MIDWEST ENERGY	26,400,000	3,273,270	26,400 158,400
(14)	AMERICAN TELEPHONE & TELEGRAPH	28,188,567	3,265,816	28,189 169,131
	THE PHILLIPS COMPANIES			
	PHILLIPS PIPELINE	20,001,391	2,596,935	
	GPM ANADARKO GATHERING	2,475,000	327,181	
	CHISHOLM PIPELINE	1,619,066	187,304	
	GPM GAS CORP	247,500	23,352	
(15)	TOTAL PHILLIPS COMPANIES	24,342,957	3,134,772	24,343 146,058
(16)	KANSAS ELECTRIC POWER COOP	44,031,973	2,971,295	44,032 264,192
(17)	NATURAL GAS PIPELINE OF AMER.	22,676,848	2,851,578	22,677 136,061
	THE MAPCO COMPANIES			
	MID AMERICA PIPELINE	19,164,757	1,532,307	
	MAPCO AMMONIA PIPELINE	2,236,918	783,499	
	MAPCO FRACTIONATOR	3,795,000	358,846	
(18)	TOTAL PHILLIPS COMPANIES	25,196,675	2,674,652	25,197 151,180
	THE KN COMPANIES			
	KN INTERSTATE GAS TRANSMISSION	10,838,744	1,058,817	
	KN GAS GATHERING	8,648,432	803,809	
	KN RETAIL	4,497,471	634,916	
	KN NATURAL GAS	961,066	120,069	
(19)	TOTAL KN COMPANIES	24,945,713	2,617,611	24,946 149,674
	KOCH COMPANIES			
	KOCH PIPELINES	8,351,665	930,793	
	CHASE TRANSPORTATION	7,500,557	829,841	
	KOCH GATHERING	3,300,000	384,365	
	KOCH HYDROCARBON	1,650,000	177,269	
(20)	TOTAL KOCH COMPANIES	20,802,222	2,322,268	20,802 124,813

LARGEST 1997 UTILITY COMPANY TAXPAYERS

Rank	Company Name	Assessed Value	1997 Total General Taxes
	Western Resources Companies		
	Electric Division	371,426,138	36,680,540.75
	Gas Division	83,033,163	10,201,074.08
	Kansas Gas & Electric	457,412,340	36,089,217.67
	Mid-Continent Market Center	10,560,000	1,107,663.15
1	Total Western Resources	922,431,641	84,058,495.65
2	Southwestern Bell	353,094,638	42,585,290.40
3	Kansas City Power & Light	347,973,813	25,933,755.32
	Sprint Companies		
	Sprint Communications	38,724,642	4,059,543.05
	United Tele. of Kansas	24,172,500	2,914,439.70
	United Tele. of Eastern KS	29,040,000	3,199,657.70
	United Tele. of South Central KS	5,610,000	691,289.21
	United Tele. of Southeastern KS	1,638,505	147,687.27
	United Tele. Long Distance	18,150	2,061.40
4	Total Sprint Companies	99,203,797	11,014,678.33
	Union Pacific Companies		
	Union Pacific	88,391,371	9,720,675.57
	Southern Pacific	9,451,367	1,054,482.13
5	Total Union Pacific Companies	97,842,738	10,775,157.70
	Williams Companies		
	Williams Natural Gas	58,050,485	6,167,708.28
	Williams Pipeline	17,951,348	2,239,671.64
	Williams Gas Processing	28,050,000	1,936,408.77
	WVX	182,006	21,368.81
6	Total Williams Companies	104,233,839	10,365,157.50
	Enron Companies		
	Enron Liquids Pipeline	4,363,037	454,782.25
	Northern Natural Pipeline	81,371,532	8,518,560.54
	NGP Pipeline	1,238,101	144,927.73
	Enron Gathering Pipeline	13,329,449	948,604.91
7	Total Enron Companies	100,302,119	10,066,875.43
	Utilicorp Companies		
	Westplains	49,500,000	5,520,437.92
	Missouri Public Service	20,841,744	1,583,181.68
	Peoples Natural Gas	17,635,014	1,978,680.27
	Kansas Public Service	3,498,000	387,913.73
8	Total Utilicorp Companies	91,474,758	9,470,213.60
	Panhandle Eastern Companies		
	Panhandle Eastern Pipeline	69,863,851	6,645,215.01
	Pan Gas Storage	9,405,000	785,684.30
	Panhandle Field Services	7,920,000	602,136.02
9	Total Panhandle Companies	87,188,851	8,033,035.33

Rank	Company Name	Assessed Value	1997 Total General Taxes
10	BNSF	59,530,060	7,114,541.74
11	Sunflower Electric Cooperative	58,410,000	5,291,139.72
	The KN Companies		
	KN Interstate Gas Transmission	19,513,956	1,914,840.61
	KN Gas Gathering	9,511,313	809,259.71
	KN Retail	4,286,515	563,376.49
	KN Natural Gas	289,469	34,820.22
12	Total KN Companies	33,601,253	3,322,297.03
	Coastal Companies		
	ANR Pipeline	21,594,573	2,110,470.16
	Colorado Interstate Gas Company	8,135,903	618,959.52
	ANR Field Services	50,510	5,080.68
	CIG Field Services	55,147,494	403,850.71
13	Total Coastal Companies	84,928,480	3,138,361.07
	The Phillips Companies		
	Phillips Pipeline	19,486,744	2,384,633.81
	GPM Anadarko Gathering	2,475,000	304,830.73
	Chisholm Pipeline	2,096,020	228,252.61
	GPM Gas Corp	280,500	25,203.65
14	Total Phillips Companies	24,338,264	2,942,920.80
15	Natural Gas Pipeline of America	22,246,666	2,800,339.42
	The MAPCO Companies		
	Mid-America Pipeline	21,619,358	2,167,415.28
	MAPCO Ammonia Pipeline	2,443,766	264,313.74
	MAPCO Fractionator	3,795,000	319,473.50
16	Total MAPCO Companies	27,858,124	2,751,202.52
17	Midwest Energy	23,100,000	2,730,822.35
18	Kansas Electric Power Coop	42,624,539	2,622,000.49
19	AT&T Communications	23,418,780	2,556,688.55
	Koch Companies		
	Koch Pipelines	10,464,743	1,105,576.25
	Chase Transportation	8,696,959	938,668.82
	Koch Gathering	2,640,000	285,725.57
	Koch Hydrocarbon	1,881,000	183,906.55
20	Total Koch Companies	23,682,702	2,513,877.19

LARGEST 1998 UTILITY COMPANY TAXPAYERS

Rank	Company Name	Assessed Value	1998 Total General Taxes
	Western Resources Companies		
	Electric Division	356,070,330	33,088,486.90
	Kansas Gas & Electric	458,551,170	33,593,381.54
1	Total Western Resources	814,621,500	66,681,868.44
2	Southwestern Bell	352,168,872	40,354,731.86
3	Kansas City Power & Light	340,501,194	23,352,881.50
	Sprint Companies		
	Sprint Communications	43,281,084	4,084,479.19
	United Tele. of Kansas	21,450,000	2,604,951.70
	United Tele. of Eastern KS	29,700,000	3,083,716.22
	United Tele. of South Central KS	5,610,000	688,843.05
	United Tele. of Southeastern KS	1,649,553	135,300.68
	United Tele. Long Distance	82,500	8,793.02
4	Total Sprint Companies	101,773,137	10,606,083.86
	Williams Companies		
	Williams Natural Gas	54,393,293	5,562,756.36
	Williams Pipeline	23,085,101	2,746,288.02
	Williams Gas Processing	27,060,000	1,796,309.00
	VYVX	198,000	24,492.08
5	Total Williams Companies	104,736,394	10,129,845.46
	ONEOK Companies		
	Kansas Gas Service	69,104,818	8,142,512.63
	Mid-Continent Market Center	11,550,000	1,169,374.96
6	Total ONEOK Companies	80,654,818	9,311,887.59
	Utilicorp Companies		
	Westplains	49,500,000	5,572,004.52
	Missouri Public Service	19,479,306	1,328,777.73
	Peoples Natural Gas	21,693,350	2,320,734.52
7	Total Utilicorp Companies	90,672,656	9,221,516.77
8	Northern Natural Pipeline (Enron)	89,335,059	8,927,327.24
9	Union Pacific/Southern Pacific	82,416,092	8,738,136.59
	Duke Energy Companies		
	Duke Energy Field Services	714,879	52,229.12
	Panhandle Eastern Pipeline	66,539,253	6,102,974.34
	Pan Gas Storage	9,240,000	709,964.66
	Panhandle Field Services	7,089,263	495,246.74
10	Total Panhandle Companies	83,583,395	7,360,414.86
11	BNSF	57,229,380	6,520,374.53

Rank	Company Name	Assessed Value	1998 Total General Taxes
	The KN Companies		
	KN Interstate Gas Transmission	21,701,130	2,113,188.46
	KN Gas Gathering	25,997,054	1,949,194.67
	KN Retail	4,992,465	658,128.28
12	Total KN Companies	52,690,649	4,720,511.41
13	Sunflower Electric Cooperative	54,450,000	4,625,208.62
	Coastal Companies		
	ANR Pipeline	21,505,770	2,006,177.82
	Colorado Interstate Gas Company	8,828,177	642,648.89
	ANR Field Services	50,510	4,823.02
	CIG Field Services	5,067,968	358,368.51
14	Total Coastal Companies	35,452,425	3,012,018.24
15	Natural Gas Pipeline of America	23,467,604	2,829,367.43
16	Midwest Energy	23,760,000	2,811,494.02
	The Phillips Companies		
	Phillips Pipeline	20,846,648	2,403,912.31
	GPM Anadarko Gathering	280,500	24,095.49
	Chisholm Pipeline	1,985,484	207,894.81
	GPM Gas Corp	280,500	24,095.49
17	Total Phillips Companies	23,393,132	2,659,998.10
	Koch Companies		
	Koch Pipelines	10,491,505	1,096,010.14
	Chase Transportation	9,396,389	1,012,006.63
	Koch Gathering	2,640,000	286,411.15
	Koch Hydrocarbon	1,980,000	183,598.52
18	Total Koch Companies	24,507,894	2,578,026.44
	The MAPCO Companies		
	Mid-America Pipeline	21,564,930	2,105,625.85
	MAPCO Ammonia Pipeline	2,590,860	271,373.08
19	Total MAPCO Companies	24,155,790	2,376,998.93
20	Kansas Electric Power Coop	42,785,028	2,375,153.59
21	AT&T Communications	21,827,520	2,260,350.79

Information Developed by the Division of Property Valuation 2/19/99



KANSAS INDEPENDENT OIL & GAS ASSOCIATION

105 S. BROADWAY • SUITE 500 • WICHITA, KANSAS 67202-4262
(316) 263-7297 • FAX (316) 263-3021
800 S.W. JACKSON • SUITE 1400 • TOPEKA, KANSAS 66612-1216
(913) 232-7772 • FAX (913) 232-0917

Before the Senate Committee on Assessment and Taxation
February 22, 1999

*RE: Constitutional Amendment to Exempt Oil & Gas Properties from Property Tax for
Exploration & Production Activity - HCR 5002*

I am Don Schnacke representing the Kansas Independent Oil & Gas Association, a 62 year old association representing independent oil and gas operators throughout Kansas and the supporting industry. We are appearing here in support of a proposed constitutional amendment to exempt oil and gas properties from property taxation for exploration and production activity. This was carried last session as HCR 5004, and passed the House on a vote of 111 to 11. There was a hearing this Summer and the Special Interim Committee has recommended its passage.

The House passed HCR 5002 February 12, 1999 with a vote of 118-4.

The House Committee amended the bill to require that it be placed on the state wide April 1999 ballot or the earliest possible general election instead of the November 7, 2000, general election. The Secretary of State office advised the Chairman of the House Committee they need to receive this bill by the end of February to get this done. For that reason we appreciate your setting this early hearing.

This proposal is a rural county economic development measure that would stimulate increased drilling and production and does not remove existing property from the tax rolls. We are pleased the Kansas Association of Counties supports this proposal.

KIOGA is doing all it can to stimulate increased activity and investment in Kansas oil and gas field activity. Since 1986 when oil prices collapsed and nearly 20,000 Kansans were put out of work, we have attempted to bring about tax reform for our industry in Kansas. The further collapse of oil prices in 1998 have stimulated action by this legislature. Governor Graves stated in his most recent legislative message, "The Kansas oil industry has been devastated" - He stated you need to do what you can to help!

One important area we have explored is the use of the ad valorem tax exemption authority arising from Section 13, Article 11 of the Kansas Constitution. Two Kansas counties, Trego and Wichita, have offered oil producers modest tax relief if they would expend money, drill for oil and gas, and develop new production. After Wichita County and a Kansas producer entered into an agreement, the State Board of Tax Appeals rejected the application.

Senate Assessment & Taxation
2-22-99
Attachment 6

Before the Senate Committee on Assessment and Taxation
February 22, 1999
Page Two

BOTA rejected the application because the terms and facts presented did not fit the language contained in the Constitution. We would agree that the constitutional provisions better fit the traditional machine shop, warehouse, manufacturing mode than that applicable to an oil and gas operation. The legislative challenge is to seek language that would allow oil and gas producers to qualify under the constitutional authority. We talked to the BOTA Chairman after their order was issued and he believed a legislative solution for clarification is the answer. He regretted turning down the Wichita County application.

We believe the producing counties which have very little opportunity for economic development except farming and ranching should be given the opportunity that other Kansas counties now enjoy - the opportunity to attract capital expenditure into their counties, the creation of jobs, and expansion of their ad valorem tax base by working directly with the Kansas oil and gas industry.

We conclude by requesting that your committee look favorably on this legislation and recommend that it be passed favorably.

Thank you for your consideration of our remarks.

Donald P. Schnacke



KANSAS
ASSOCIATION OF
COUNTIES

TESTIMONY
Concerning House Concurrent Resolution 5002

Presented by
Judy A. Moler, Legislative Services Director/General Counsel
Kansas Association of Counties

To the
Senate Committee on Assessment and Taxation
February 22, 1999

Senator Langworthy and members of the committee, the Kansas Association of Counties is in support of this proposed constitutional amendment which would give boards of county commissioners the discretion to exempt from taxation certain property used for oil and gas development, exploration and production purposes.

In some of our counties that have not experienced such a strong economic recovery as others, the capacity for county commissioners to encourage economic development in this way is certainly appealing. This is not a "one size fits all" solution; rather, it clearly recognizes that our 105 counties' economies are all somewhat different. Trego and Wichita counties have demonstrated their interest in granting such exemptions and would surely consider such an action should the Constitution be amended to allow such a policy decision to be made at the local level.

There is no mandate on county government associated with this proposal. The board of county commissioners in each county could decide whether such an exemption makes sense to them. The Kansas Association of Counties urges your favorable consideration of this proposed constitutional amendment.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to the KAC by calling (785) 233-2271.

700 SW Jackson
Suite 805
Topeka KS 66603
785•233•2271
Fax 785•233•4830
email kac@ink.org

Senate Assessment + Taxation
2-22-99
Attachment 7

February 1, 1999

To: Senate Assessment and Taxation Committee

From: Trego County Commissioners

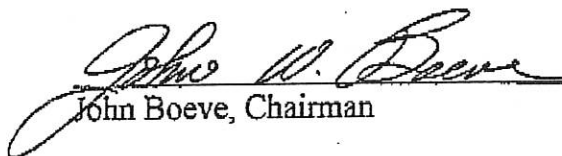
Re: HCR 5002

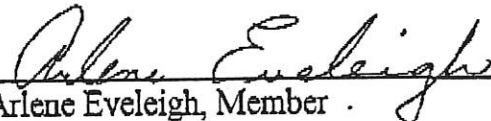
Dear Chairman and Committee Members:

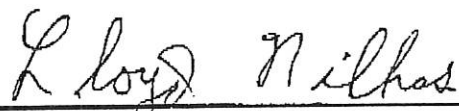
The concept behind HCR 5002 originated in Trego county when a past commissioner recognized the need to promote oil exploration as a form of economic development. Many changes have occurred since then that makes it more than just economic development. The oil industry in Kansas is a major part of non agriculture business in the state, but the welfare of the oil industry is being threatened because of the low prices for oil. This legislation will provide assistance to the industry by promoting growth and development, without the extra burden of additional taxes. While this legislation has no affect on existing wells, it can have a major impact on future wells.

We would like to pledge our continued support for this legislation and for the oil industry and ask you to pass this bill. Your support can make a big difference to the future of oil and gas exploration in Kansas. Thank you in advance.

The Board of County Commissioners of Trego County


John Boeve, Chairman


Arlene Eveleigh, Member


Lloyd Nihlas, Member

Senate Assessment + Taxation
2-22-99
Attachment 8