

## MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:06 a.m. on January 25, 2000 in Room 521-S of the Capitol.

All members were present except: Rep. Mike O'Neal - excused  
Rep. Rick Rehorn - excused  
Rep. Gwen Welshimer - excused

Committee staff present: Bob Nugent, Revisor of Statutes  
Jerry Donaldson, Legislative Research Department  
Dennis Hodgins, Legislative Research Department  
Bev Adams, Committee Secretary

Conferees appearing before the committee: Karla Pierce, Secretary, Department of Revenue

Others attending: See attached list

Minutes of January 13, 19 and 20 were handed out to the committee. They will be approved at a later date. This year the committee minutes will be put on the Internet as soon as they are approved so read them carefully.

**Introduction of Bills:**

No one was present to introduce a bill.

**Presentation by Karla Pierce, Secretary, Department of Revenue on Electronic Filing of Sales Tax**

Chairman Lane introduced Secretary Karla Pierce, Department of Revenue. She gave the committee an overview of all the different types of electronic tax filings available through the department. In January the Center for Digital Government recognized Kansas as Number 1, with a perfect score of 100, in E-Taxation. The state offers a variety of options for taxpayers to use to get services by electronic means. The changes came about after five years of development. They went across the state asking what Kansas citizens wanted from the Department of Revenue. They wanted simple forms and plain language. (See Attachment 1)

They used this information to build a number of applications that are electronic forms, although there will still be paper forms available. Different methods of filing are available by telephone, over the Internet with a PC, or using types of software that can be bought off the shelf. They feel they have gone a long way to satisfy the taxpayer who wants simple forms and plain language. In tax year 1998, there were 271,856 electronic tax filings of individual income tax, showing an increase in this type of filing of 28%. For this year there already is an increase of 34%.

In October, 1999, they implemented electronic filing for Sales Tax. It was simplified to list only gross sales. You can also pay over the telefile system by giving them a bank account number and they will make a withdrawal from your account. It has been very successful. At the time they implemented this system they named this at the preferred method to file your sales tax return if you are a monthly taxpayer. 58% of the eligible population used this method in November, 1999.

Secretary Pierce finished her presentation by answering questions from the committee.

Chairman Lane adjourned the meeting at 9:53 a.m.

The next meeting is scheduled for January 26, 2000.



# Kansas Department of Revenue E-Taxation

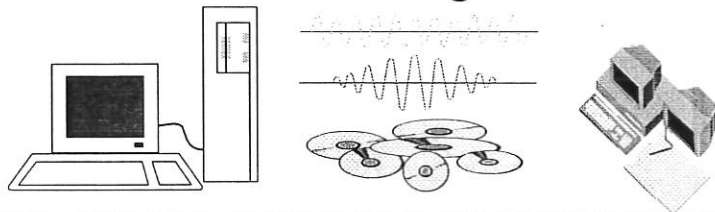
Briefing presented to the  
House Business, Commerce and  
Labor Committee  
January 25, 2000

## E-Taxation

- Kansas citizens told us “We want simple forms in plain language.”
- Center for Digital Government recognized Kansas as Number 1 in E-Taxation
- Forms of E-Commerce
- E-Taxation usage by KDOR
- Virtual Government

## Forms of Electronic Commerce

- Electronic Filing
- Electronic Data Interchange (EDI)
- Electronic Funds Transfer (EFT)
  - Automated Clearing House Debit
  - Automated Clearing House Credit



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## 1999 Electronic Filing Individual Income Tax

- Telefile
  - TY 98 - 62,617
- PC File
  - TY 98 - 8,114 (initial year)
- Efile(fed/state)
  - TY 98 - 200,125
- Summary Total
  - TY 98 - 271,856, an increase of 28% in electronic tax filing



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## Electronic Filing - Sales Tax

- Telefile
  - Implemented October, 1999
  - ST-16, monthly filers
  - 10,358 original returns filed for November tax period, 58% of eligible population
- PC File
  - ST-36, available February 1, 2000



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## Electronic Data Interchange - Motor Fuel

- 81% Motor Fuel Distributors Filing Via EDI
- House Bill 2161 - Mandated Electronic Filing
- Senate Bill 418 - 329 Credits Issued to MF Distributors-\$2.6 Million

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## Electronic Funds Transfer Activity

- ELECTRONIC FUNDS TRANSFER (EFT)
  - WITHHOLDING TAX
    - 4% of W/H Taxpayers remit 57% of all receipts
  - MINERAL TAX
    - 23% of Mineral Tax Taxpayers remit 85% of receipts
  - MOTOR FUEL- 11% filing, remit \$3.1M per month
  - SALES TAX - 53% of telefilers remit \$11.5M monthly

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## Direct Deposit

- Over 62,000 filers had their income tax refund directly deposited in their bank accounts in 1999
- Available only to electronic filers(Efile, Telefile and PC file)



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## New Initiatives on the Horizon

- Telefile sales quarterly filers, July 2000
- Required EFT for retailers sales taxpayers, February 2000
- EFT acceptance of additional tax types
- Paperless Business Registration Application
- Use of Internet(web-based) for Filing, Payments, & Billing
- EDI Alcoholic Beverage Control Supplier / Distributor Return & Schedule Information, Control Brand and Licensee Registration

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## Electronic Commerce Filing Strategies

- Target highest volume trading partners initially
- Combine a number of technology tools
  - Internet, telephony, software applications
- Make it a “Win-Win” situation for both trading partner and agency
  - Credits for participating
  - Quicker refunds

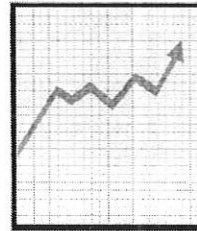


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## Benefits of E-Commerce

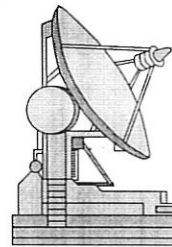
- Same Day Deposits
- Next Day Account Posting
- Accurate Information on Account
- Reduced Training and Labor Costs
- Reassign staff to Customer Service and Information Systems



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## Virtual Government

- Provides 24 hours a day, seven days a week self service
  - Warehouse payments
  - Direct access to accounts
- Provides timely data enabling better decisions
- Allows agencies to bundle services customized to citizens needs



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# The End



[www.ink.org/public/kdor](http://www.ink.org/public/kdor)

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