

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 13, 2008 in Room 519-S of the Capitol.

All members were present.

## Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Ryan Hoffman, Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

## Conferees appearing before the committee:

Representative Sharon Schwartz  
Representative Lee Tafanelli  
Paul Welcome, Johnson County Appraiser  
Rod Broberg, Saline County Appraiser  
Secretary Wagnon, Department of Revenue  
Tony A. Scott, KS Society of Certified Public Accountants  
Patrick Hubbell, Public Accountants Association of Kansas  
Jay Kretzmeier, Kretzmeier Accounting Firm, (written only)

## Others attending:

See attached list.

**Representative Holland requested a bill introduction, on behalf of an out-of-state constituent, requesting that Kansas not tax his pension. Representative Treaster seconded the motion. The motion carried.**

**SB 444 - Property tax exemption for certain tangible personal property with purchase price less than \$1,500.**

Scott Wells, Office of Revisor of Statutes, stated **SB 444**, as amended, would provide a property tax exemption, effective in tax year 2009, for certain property classified as "all other tangible personal property," which has a purchase price of \$1,500 or less. An additional provision would clarify that taxpayers would not be required to file for the exemption at the State Board of Tax Appeals (SBOTA).

Paul Welcome, RMA County Appraiser, testified that the current process was established in 1992 for low valued property that produces less than a \$5.00 tax bill to be exempted after a tax bill is generated. He recommends that the committee consider a threshold cost of \$1,500 similar to the CIME bill that was recently passed to exempt those properties. Another option would be that personal property could be expanded by specific property type (Attachment 1).

Rod Broberg, Saline County Appraiser, stood in opposition to the bill. He said that the threshold value is set too high if the purpose is just to save administrative costs. The resulting procedures to implement this bill may turn out to be more costly than they otherwise save. He agreed that a lower threshold would be acceptable (Attachment 2).

The Chairman closed the hearing on **SB 444**.

**SB 471- Electronic filing of tax returns and reports.**

Chris Courtwright, Legislative Research Department, said that **SB 471**, as amended, would implement several new electronic filing (e-filing) and payment provisions relative to sales and withholding taxes and certain paid individual income tax preparers. One provision would reduce from \$100,000 to \$45,000 the minimum annual level of sales and withholding tax remittances beyond which electronic filing may be mandated. A second stipulation would require that paid individual income tax preparers submitting 50 or more

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 13, 2008 in Room 519-S of the Capitol.

returns per year to file at least 75 percent of such returns electronically.

The Chairman recessed the hearing on **SB 471**.

### **HCR 5015 - State constitutional amendment; taxation, watercraft**

The Chairman re-opened the public hearing on **HCR 5015** to allow additional testimony.

Representative Sharon Schwartz testified in support of **HCR 5015**. She said Kansas is losing revenue under the current tax policy as owners choose to move their boats to surrounding states for storage where the tax policy is more equitable. This resolution will resolve the issue and actually bring revenue back to the State of Kansas (Attachment 3).

Representative Tafanelli, appeared to support the resolution. He said there is a steady stream of boaters that move their watercraft to neighboring state for the winter to avoid paying high Kansas taxes. He said boaters are willing to pay their fair share but not at the accelerated tax rate, that is current in Kansas (no written testimony).

The Chairman closed the hearing on **HCR 5015** and reopened the hearing on **SB 471**.

### **SB 471- Electronic filing of tax returns and reports.**

Tony A. Scott, KS Society of Certified Public Accountants, said they support the bill, and have worked with the KDOR over the years to encourage increased use of electronic filing for individual income tax returns on both a federal and state level (Attachment 4). He said that although they are supportive of the concept of the bill they were also cautious because they can't support the imposition of penalties for failure to comply with the minimum threshold number (i.e. - 50 returns) and agreed-upon minimum compliance percentage (i.e. - 90% as the bill was originally proposed in the Senate). He said some returns can't be e-filed; because not all software programs support all Kansas income tax credit forms. He introduced Cheryl Hayward, CPA, of Berberich Trahan & Co., P.A. who said it was much easier for tax-preparers to file electronically.

Secretary Wagon, KDOR, gave a power point presentation that provided information regarding: data on the number of people and percentages currently e-filing their returns, advertising costs, staffing trends and savings if **SB 471** would be fully implemented (Attachment 5). Discussion followed regarding; various procedures used by neighboring states; more or less audits due to e-filing; costs associated to building the e-file program.

There was a question regarding KDOR's requirement to e-file. To the extent that it is not complied to, what is the penalty or any ramification from their lack of compliance. In response Secretary Wagon said that CPA's have a standard of practice, through the Board of Accountancy, that states if a state passes a law, and establishes a standard, CPA's are required by their professional conduct to comply with that standard. Therefore the Department does not feel there is any need for a penalty provision, since if it is determined they are out-of-compliance, KDOR could file a complaint with the Board of Accountancy, and they would take disciplinary action. The Chairman asked for a follow-up response from Tony Scott at a later date.

Patrick Hubbell, representing Public Accountants Association of Kansas, distributed testimony from Janet S. St. Clair - Hays, President, Public Accountants Association of Kansas, Inc. He testified that they are appreciative of KDOR efforts to streamline the tax return process and believe the bill has merit. However he suggested an amendment be added with the following language: *The requirements of this subsection may be waived by the Secretary of Revenue for a paid return preparer if the paid preparer demonstrates a hardship in complying with this subsection.* This is identical language that is currently included in **SB 461** concerning employment security law and electronic filing of quarterly reports. The Secretary said KDOR would not be opposed to the amendment (Attachment 6).

Jay Kretzmeier, Kretzmeier Accounting Firm, submitted written testimony, that stated **SB 471** would

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 13, 2008 in Room 519-S of the Capitol.

placing a duty upon a return preparer to control the legal and free will of his/her client. He offered an amendment that would eliminate his concern: "*Definition - Returns eligible for filing shall not include any income tax return whereby, the taxpayer has clearly indicated in writing they choose not to electronically file their return.*" (Attachment 7).

There was discussion on various kinds of rebate programs that might be an incentive for electronic filing. The Chairman requested that the Secretary put together language that would address some of the concerns raised today when the Committee works the bill.

The Chairman closed the hearing on **SB 471**.

The Chairman explained the process of how the corporate tax and the sales exemption bills will be handled on the floor tomorrow.

The meeting adjourned at 10:30 a.m. The next meeting is March 14, 2008.

# HOUSE TAXATION COMMITTEE

DATE: 2-13-08

NAME	REPRESENTING
Patrick R. Shubert	KSPAA
Rob Med	LITTLE GOVT REVENUES
LARRY R. BAER	LKM
Tony A. Scott	KSCPA
Cheryl Hayward	KSCPA
MIKE Taylor	Unifed Gov Wyco/KCR
Isaac Ferguson	Kansas Chamber of Commerce
Berend Koops	KDWP
Rod Broberg	Kansas County Appraisers Assoc
Judy A. Mohr	KAC
Mark Love	KEAA
Willie Wilkins	KDOR
David Consin	KDOR
THIL PERRY	HBA of GKC
Austin Hayden	Hein Law Firm
Ben Cleaves	DOR
Roger Hamm	KDOR
Richard Crum	KDOR
Steve Stotts	KDOR





# JOHNSON COUNTY APPRAISER'S OFFICE

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TO: House Taxation Committee

FROM: Paul A. Welcome, CAE, ASA, RMA County Appraiser

Date: March 13, 2008

RE: SB 444

This proposed legislation is for the exemption of individual personal property costing below \$1,500. Currently the process was established in 1992 for low valued property that produces less than a \$5.00 tax bill to be exempted after a tax bill is generated. That is over 15 years ago.

## 79-344

### Chapter 79.--TAXATION

#### Article 3.--LISTING PROPERTY FOR TAXATION

**79-344. Cancellation of personal property tax, when.** (a) Whenever the aggregate amount of tax owed upon tangible personal property by any taxpayer is less than \$5, such tax shall be cancelled and no personal property tax statement shall be issued.

(b) The provisions of this section shall apply to all taxable years commencing after December 31, 1991.

**History:** L. 1992, ch. 282, § 16; May 28.

With some recent changes in the commercial personal property exemption of \$1,500 and all new commercial and machinery equipment property being exempt after June 30<sup>th</sup> 2006, some changes are warranted. Also, a tax bill that generates less than \$5.00 is canceled. Why do all this work and not generate any income. It does not appear to be cost effective. There has to be a better way. Another issue is that the jurisdictions are not able to collect from part of the tax base thus distorting tax rate calculations.

The basis of this legislation is to eliminate the need for the county to mail a rendition, the property owner to render the property, the county appraiser to value the property, send a Notice of Appraised Value, and finally the treasurer to generate a tax bill. Currently, if the tax bill is less than \$5.00, we cancel the taxes owed.

Currently Johnson County has over 1,900 accounts that we cancel after the county appraiser values the property and the county treasurer issues a tax bill. We should exempt the property from being required to be rendered to the county appraiser. Thereby, the additional property that does not generate any income would not need to be worked in the first place.

For Johnson County, the property types that comprise most of the low valued properties are as follows:

- older watercraft (boats, motors & trailers)
- older non-highway vehicles (probably older than 10-15 years old depending on the condition)
- old mopeds
- older flatbed trailers
- older camping trailers (not registered as RV's)
- old & new truck campers
- some smaller trailers bought new
- older ATV's
- older golf cars

We recommend that the committee consider a threshold cost of \$1,500 similar to the CIME bill that you recently passed to exempt those properties. If this is not acceptable, the personal property could be exempted by specific property type. An example in the past is to list specific properties. This can be found in 79-201c and was amended most recently to include sailboards and pick-up truck shells.

## 79-201c

### Chapter 79.--TAXATION

#### Article 2.--PROPERTY EXEMPT FROM TAXATION

**79-201c. Same; wearing apparel; household goods and personal effects; graveyards.** The following described property, to the extent herein specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

*First.* The wearing apparel of every person.

*Second.* All household goods and personal effects not used for the production of income. The terms household goods and personal effects when used in this act, except as otherwise specifically provided, shall include all items of furniture, cooking utensils, refrigerators, deep freezers, washing and drying machines, dishwashers, stoves, ranges, ironers, vacuum cleaners, sewing machines, radios, record players, television sets, shop and hobby equipment used in or about the home, fishing equipment (not including boats), bicycles, yard and garden equipment, firearms, golf clubs, photographic equipment, jewelry, luggage, musical instruments, air conditioners if not a part of the central heating and air conditioning system, sailboards and pick-up truck shells. For the purposes of this paragraph, household goods and personal effects shall not be deemed to be used for the production of income when used in the home for day care home purposes if such home has been registered or licensed pursuant to K.S.A. 65-501 *et seq.*, and amendments thereto, or when used in the home for bed and breakfast home purposes as defined in K.S.A. 79-1439, and amendments thereto.

*Third.* All lands used exclusively as graveyards.

The provisions of this section shall apply to all taxable years commencing after December 31, 2003.

**History:** L. 1975, ch. 495, § 4; L. 1977, ch. 325, § 1; L. 1988, ch. 374, § 4; L. 1999, ch. 123, § 1; L. 2004, ch. 173, § 7; July 1.

**Testimony for SB 444**  
House Taxation Committee  
March 13, 2008  
Rod Broberg  
Kansas County Appraisers Association

SB 444 exempts certain personal property that was purchased by its current owner for \$1,500 or less. The reason stated in the supplemental note for this bill is that many items do not produce the minimum \$5.00 tax and can be canceled per K.S.A. 79-344. Currently all items must be listed, valued, and a tax bill computed in order to determine if the tax can be canceled. It is true that this provision of law does not save any administrative cost in the Appraisers office. However, in the City of Salina for example, and many other jurisdictions, the threshold amount to trigger the cancellation of the tax bill is about \$140. This is considerably less than the proposed \$1,500, which would produce a tax bill of approximately \$53.00. The \$1,500 threshold seems to be sacrificing a lot of tax revenue for the sake of a small savings in administrative cost.

Another item to consider is the use of purchase price as the trigger for exemption. For this type of personal property, purchase price is not a piece of data that we currently have. This begs the question as to where we will get that amount and how much administrative cost will be involved in gathering that data. It could be as simple as taking the property owners word for it. Or it could be as complicated as requiring property owners to submit some kind of proof of purchase price. County Appraisers will look to the Property Valuation Division for guidance on this question and presumably they will advise us of some procedures in the interest of statewide uniformity. The resulting procedures could be just as costly from an administrative perspective as just taxing the property as we do now.

In conclusion, it seems to me that the threshold value is set too high if the purpose is just to save administrative costs, and that the resulting procedures to implement this bill may turn out to be as costly as what we otherwise save.



STATE OF KANSAS  
HOUSE OF REPRESENTATIVES

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CHAIR  
House Appropriations Committee

March 12, 2008

HCR NO. 5015

Mr. Chairman & Committee Members,

I appear today in support of HCR No. 5015 which would allow the legislature to provide for separate classification and taxation of watercraft and to exempt such property from the property taxation and impose taxes in lieu of.

A year ago I was contacted by several of my constituents who voiced their concerns over the current structure of taxing watercraft in Kansas. In fact one man explained to me that the tax on his small boat was higher than his motor home that he used to pull the boat to the parks. Furthermore he indicated that he soon noticed that many of the boats at the lake were not registered in Kansas but instead were registered in states that adjoin Kansas.

Kansas is losing revenue under the current tax policy as owners choose to move their boats to surrounding States for storage where the tax policy is more equitable. It certainly appears to me that it is time that we address the current policy. I ask for your support of this resolution that I believe will resolve the issue and actually bring the revenue back to the State of Kansas.



# Kansas Society of Certified Public Accountants

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Tony A. Scott, JD, CPA  
Executive Director

## TESTIMONY

To: The Honorable Kenny Wilk, Chair  
Members, House Committee on Taxation

From: Tony A. Scott

Date: March 13, 2008

Re: Testimony as Proponent of SB 471

Ladies and Gentlemen of the Committee:

Approximately 2,600 members strong, the Kansas Society of Certified Public Accountants is the statewide professional association of CPAs *dedicated to implementing strategies that enhance the well-being of our members, the accounting profession and the general public.* My name is Tony A. Scott and I am Executive Director of the KSCPA. **Today I am testifying as a proponent of SB 471.**

Several years ago members of the Society began working with Secretary of Revenue Joan Wagnon and staff of the Kansas Department of Revenue to encourage increased use of electronic filing for individual income tax returns on both a federal and state level. As a result of those efforts many of our members who were not already taking advantage of the e-file process successfully implemented same for their clients.

To encourage increased use of the e-file process, members of the Society's Tax Cabinet have participated in educational seminars sponsored by the IRS and KDOR. Secretary Wagnon and her staff are also regular presenters at the Society's Annual Conference on Kansas Taxes and Annual Kansas Tax Conference. In addition to other topics of interest to tax professionals, e-filing has been a recurring theme during those programs. The Department has also run television and other ads encouraging Kansans to request their tax advisors e-file their returns.

The Department and Society have worked well together in promoting voluntary e-filing. In fact, the rate of e-filed returns increased from 49% for calendar year 2005 to approximately 60% for 2006. Calendar year 2007 numbers are not yet available.

Because we represent CPAs who practice in firms of all sizes, however, we are "cautious proponents" of SB 471. As presented, the language of SB 471 is fine. As noted below, however, we are ever-aware of the potential for unintended consequences in this type of legislation.

HS Taxation  
3-13-08  
Attachment 4

March 13, 2008  
The Honorable Kenny Wilk, Chair  
Members, House Committee on Taxation  
Testimony as Proponent of SB 471

First, we want tax preparers who operate as small businesses to remain in business so they can perform professional client services they are otherwise qualified to perform. In other words, we recognize that some individual income tax returns can't be e-filed with the IRS, and thus with the Department of Revenue, due to complexities and/or other technical issues inherent in the return. Examples of such returns include those reporting passive activity losses, hedge fund transactions, high volume securities trading, high percentages of withholding on pension distributions, and unmatched Social Security numbers.

We are also cautious because we can't support the imposition of penalties for failure to comply with the minimum threshold number (i.e. – 50 returns) and agreed-upon minimum compliance percentage (i.e. – 90% as the bill was originally proposed in the Senate). As noted above, some returns can't be e-filed; in this case because not all software programs support all Kansas income tax credit forms. In other words, preparers required to e-file returns which claim credits not supported by the preparer's software must also submit parts of the return by paper. Such a hybrid e-file/hard-copy system would make e-filing administratively burdensome for the tax preparer and thus more expensive for Kansas tax payers.

Finally, we recognize that some Kansas taxpayers worry about the security of electronic technology. Whether those worries are based in fact or fiction, they are nevertheless real and those taxpayers should have the right to direct their preparer to file their return the old-fashioned way – on paper.

Based upon the foregoing, **we respectfully request members of the Committee vote in favor of SB 471.**

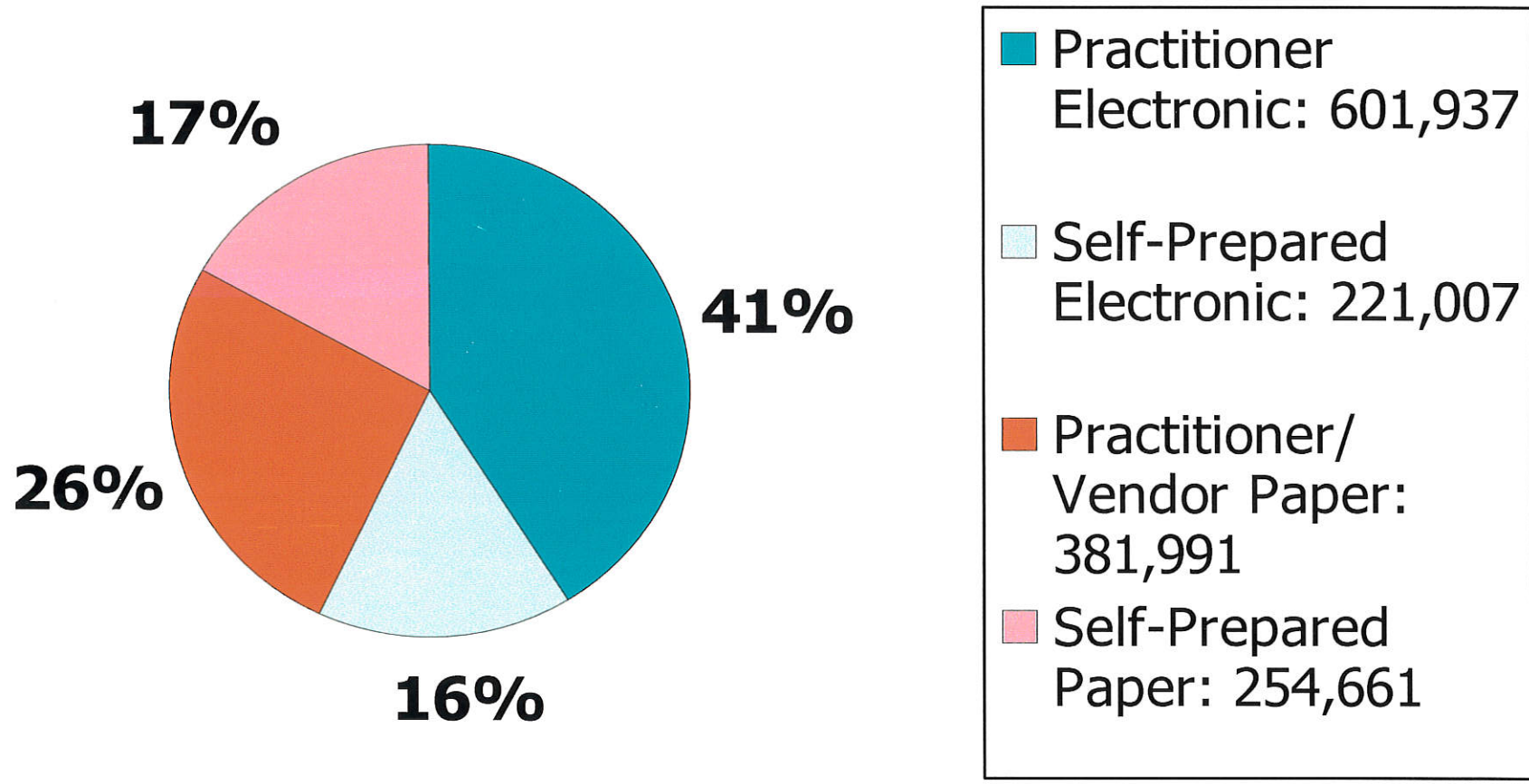
It is my honor and privilege to appear before you today. I will be pleased to stand for questions.

Respectfully submitted,

Tony A. Scott

TAS/mmi

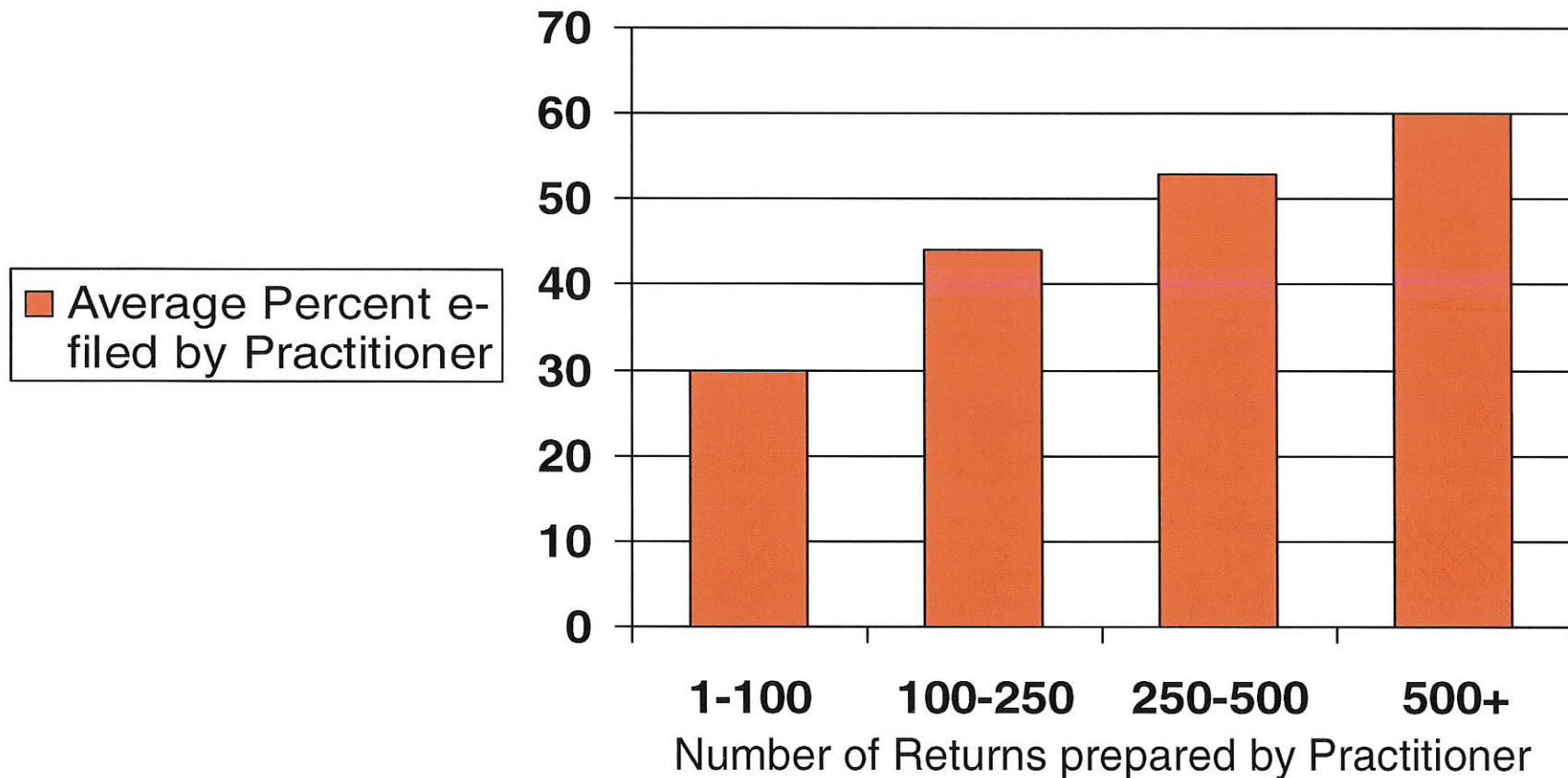
# 2007 Kansas Individual Income Tax Returns



1,459,596 returns filed (57% electronic, 43% paper)

Of the 43% paper returns, 60% were prepared using tax software

# Kansas Practitioner Statistics



source: Internal Revenue Service Fed/State Electronic Tax Database, 2006



# 1,206 Kansas Practitioners/Firms

- 267 filed no returns electronically  
59,515 paper, 0 electronic
- 323 filed less than 50% electronically  
113,803 paper, 32,585 electronic
- 268 filed 50% to 90% electronically  
33,857 paper, 108,170 electronic
- 348 filed 90% or more electronically  
8,469 paper, 183,024 electronic

source: Internal Revenue Service Fed/State Electronic Tax Database, 2006



# State Mandates

Alabama\*, 50

California\*, 100

Connecticut, 100

Indiana, 100

Louisiana, 100

Massachusetts\*, 100

Michigan, 200

Minnesota\*, 100

New Jersey\*, 100

New Mexico\*, 25

New York\*, 100

Oklahoma, 50

South Carolina\*, 100

West Virginia, 100

Wisconsin, 100

\*Indicates penalty for non-compliance.

Number following State denotes current mandate threshold

# Advertising Costs

- \$100,000 in 2006: Targeted taxpayers on benefits of electronic filing: faster refunds, proof of receipt, easy-to-use.  
(e-file gain: 8% practitioner, 27% individual)

- \$100,000 in 2007: Targeted both taxpayers and practitioners with benefits of accuracy, security, convenience. Emphasized efficiencies and cost savings to State.  
(e-file gain: 10% practitioner, 14% individual)





# Tax Payments

- Electronic Services processes 26% of payments received that account for 54% (4.2 billion dollars) of all funds
- Channel Management (paper processing) processes 74% of payments received that account for 46% (3.6 billion dollars) of all funds

# Staffing Trends

## Electronic Services

1997 – 6 full time employees

Current – 12 full time employees

## Channel Management

1997 – 160 full time, 350 temporary staff

Current – 68 full time, 100 temporary staff

## Customer Relations

1997 – 218 full time

Current – 144.5 full time



# Sales & Use Tax returns

- Electronic Services processes 36% of all Sales and Use Tax returns received (204,946).
- Channel Management processes 64% of all Sales and Use Tax returns received (366,403).

## Savings in SB471 when fully implemented

- \$650,000 from 41% staff reduction in Channel Management  
40 full time, 60 temporary staff
- \$840,000 from 17% staff reduction in Customer Relations  
120 full time, 6 temporary staff
- \$1,000,000 from Interest paid on refunds
- Electronic Services would increase by no more than 2 additional full time staff



# THE PUBLIC ACCOUNTANTS ASSOCIATION OF KANSAS, INC.

March 13, 2008

## OFFICERS:

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Kathy A. Bigler  
President-Elect

Tina M. Lee  
Vice-President

Faye L. Evans  
Secretary

Dustin E. Lobaugh  
Treasurer

Victor D. Barbo  
Immediate Past President

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Testimony offered to the Kansas House Taxation Committee regarding Senate Bill 471 concerning electronic filing of tax returns and reports.

The Public Accountants Association of Kansas, Inc. (PAAK) would like to thank the Committee for their time and consideration of our comments related to this proposed legislation.

PAAK has represented public accountants in the State of Kansas for over 50 years. We are an affiliated state organization of the National Society of Accountants. Our membership consists of approximately 350 members, which includes both Public Accountants and Certified Public Accountants from all across the State of Kansas. PAAK was organized for many reasons, of which one is to establish and maintain goodwill and understanding between the professional accountants in the public accounting profession and the taxing authorities, including the Kansas Department of Revenue (KDOR). By developing and maintaining these relationships, we strengthen our ability to serve our clients in the most efficient manner. And that is why we are here today testifying in opposition of SB 471 in its current form.

We understand and appreciate the KDOR and their motivations to increase the number of electronically-filed income tax returns. We fully understand the efficiencies generated by E-filing as a large number of PAAK members are already filing the majority of their income tax returns by electronic means, many approaching the 75% of eligible returns as presented in SB 471.

While we are in general agreement with the intended purpose of these bills, we have deep concerns as to the language in the

proposed bill for the following reasons:

- The tax return preparer is bound by the wishes of the taxpayer. We must recognize that there are Kansas taxpayers that continue to have distrust in the electronic world and insist that their return be filed on paper. Either we comply or we lose a client.
- PAAK represents public accountants who practice in firms of all sizes. Many of these are very small including those comprised of a single tax preparer doing a small number of returns. Many of these “small shops” do not have the technology to E-file. Others would be required to buy additional software for other types of returns (partnerships, corporations, trusts, etc) when they may only do a very small number of those other types. The costs of the additional software would be a financial hardship, and could even force them out of business.
- The bill quotes “50 or more returns”. The definition of “tax return” included in the bill includes returns filed for any tax administered by the KDOR including, but not limited to, income tax, sales and use tax, withholding tax, motor fuels tax, mineral tax, and other excise tax. This could create a hardship for the small business owner as well. They may be required to E-file when they do not have the technology.
- Upon passage of the bill, it would become a state statute. Any tax return preparer that is an enrolled agent, certified public accountant, or even an attorney who fails to meet the 75% test would technically be in violation of a state law. This could be considered a violation of Federal Circular 230, which establishes rules for Practice before the Internal Revenue Service.

If more than 25% of a tax return preparer's clients are opposed to electronic filing, a return preparer is placed in the position of refusing to serve certain clients or be in violation of a Kansas statute, and thereby risk losing the ability to practice before the Internal Revenue Service.

However, we feel that the bill has certain merits and can be altered while still achieving its desired results. Therefore, we are suggesting a paragraph be added to the existing bill with the following additional language (this is almost the identical language that is currently included in SB 461 concerning employment security law and electronic filing of quarterly reports):

**“The requirements of this subsection may be waived by the Secretary of Revenue for a paid return preparer if the paid preparer demonstrates a hardship in complying with this subsection.”**

We would again like to thank you for your consideration of SB 471 and our proposed “friendly amendment.” With the addition of the one paragraph, we would be in full support of the bill. We encourage the legislature to consider our assessment of why enactment of the proposed bill on electronic filing, in its current form, would be a mistake in that it would have an adverse impact on small business owners, tax return preparers and Kansas taxpayers.

Sincerely,

Janet S. St. Clair-Hays, President  
Public Accountants Association of Kansas, Inc.

February 26, 2008

Submitted by e-mail  
Opposition to SB 471

*Kretzmeier*

Testimony offered to the Kansas House Taxation Committee regarding SB 471 concerning electronic filing of tax returns and reports.

I am Jay Kretzmeier. I write to you from Iola, Kansas. Our accounting firm was started in Iola shortly after World War II. I have been an Enrolled Agent the past twenty-five (25) years.

I have watched the development of Senate Bill 471 which has passed the Senate and now comes before your Taxation Committee. While the goals intended by this legislation are admirable, there are several aspects about the legislation that are of great concern. I beg the opportunity to share this concern with you.

If a Kansas taxpayer does not prepare their own income tax return, I offer up to you that the electronic filing of a tax return requires the actions of two parties. It requires a tax return preparer and it requires the willing and affirmative action of a taxpayer in order to file the return electronically. Many taxpayers have legitimate concerns about the electronic transmission of personal financial information.

Senate Bill 471 has a fundamental flaw. Depending upon the interpretation of its language "*returns eligible for electronic filing*", I ask that you observe and realize, that the Bill is placing a duty upon a return preparer to control the legal and free will of his/her client. I would like to believe that you and I would both agree that government would be approaching dangerous territory should its' laws require that one citizen control what are the legal rights and free will actions of another person.

That is exactly what this legislation does in its' present form. If more than twenty-five percent (25 %) of my taxpayer/clients decide they will not electronically file, I may be violating state law unless I tell them I cannot prepare their income tax return. I take compliance with state law very seriously.

In assisting to see that you are able to carry out the basic intent of this legislation, I offer you a remedy. It is critical that the language "*returns eligible for electronic filing*" not be left open for interpretation. If the Bill would be further amended to include the following language, it would eliminate the concern:

*"Definition - Returns eligible for filing shall not include any income tax return whereby, the taxpayer has clearly indicated in writing they choose not to electronically file their return."*

I pray that you will pay close attention to the point I am making here. Even in this busy season, I would gladly testify before your committee if it would provide you with clarity as to the point in issue. I would need your help with that; I am only vaguely familiar with the



testifying process. In absence of testifying, I plead that you not leave the language subject to interpretation, and add the additional language I have included above.

Thanking you for your time in hearing of this concern, and your service to our state, I am,

Very truly yours,

Jay Kretzmeier  
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Iola, Kansas 66749  
Enrolled Agent 2008-31753  
1-620-365-2421