

SESSION OF 2002

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2706**

As Amended by House Committee on  
Taxation

**Brief\***

HB 2706, as amended, would enact the Taxpayer Fairness Act of 2002.

1. Among the new provisions of law would be a requirement that Department of Revenue correspondence regarding tax assessments contain detailed, clear and accurate explanations of the assessments demanded, including specific information on the tax and tax year in question, as well as on penalties and interest. Any such correspondence involving amounts in excess of \$750 for individual accounts and \$2,000 for business accounts would be required to be reviewed for accuracy by departmental employees prior to issuance and to contain the name and telephone number of employees performing the accuracy reviews. An additional requirement relating to correspondence seeking to change the tax or refund due on returns filed by taxpayers would mandate that the proposed change be explained in simple and nontechnical terms.
2. If a taxpayer has designated a third party or other representative to discuss federal or state income tax returns, the Department would be required to adhere to and comply with such designation and in discussions and correspondence regarding issues related to the returns.
3. The Department also would be required to waive civil penalties upon the finding of any circumstance allowing waiver of civil penalties pursuant to the provisions of the federal Internal Revenue Code.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

4. Closing letters also would be required to be issued within 30 days upon the resolution of assessments to taxpayers or taxpayers' representatives. Taxpayers would be entitled to rely on the closing letters, and the Department would be prohibited from maintaining positions against taxpayers inconsistent with the stipulations of the letters.
5. The Department would be required to notify in writing persons who are the subject of tax warrant filings. The notification would have to be delivered within five business days of the date the warrant is filed and would be required to include in simple and nontechnical terms the amount of unpaid taxes, information on the administrative appeals process available to the taxpayer, and on the provisions of law relating to the release of warrants on property.
6. KSA 79-3226 would be amended to change a provision prohibiting additional individual income tax assessments in amounts of less than \$5. Under the new language, additional tax amounts of up to \$100 could be waived when the Department has determined that administration and collection costs involved would not warrant the efforts.
7. Additional language would clarify that the Secretary of Revenue is authorized to adopt rules and regulations necessary to administer and enforce, as provided by law, various taxes and that all rules and regulations in existence on the effective date of the act would continue to be in effect.
8. Amendments to KSA 2001 Supp. 74-2438 and KSA 79-3226 would clarify that taxpayers are authorized to appeal to the State Board of Tax Appeals at any time when no final determination has been made by the Department of Revenue after 270 days since the date of request for informal conferences, provided no written agreement exists between the parties agreeing to extend the time for final determination.
9. Additional amendments to KSA 79-3650 would expand the circumstances under which consumers are authorized to file sales tax refund claims directly with the Department in lieu of going through retailers. Refund claims from individuals would be acceptable when accompanied with notarized statements from retailers: (a) disavowing making the same refund claims on behalf

of consumers; (b) agreeing to provide documentation of any information to consumers regarding the claims; (c) acknowledging that the tax in question has already been remitted to the state; and (d) stipulating that credits have not been and will not be taken for the amount of tax in question.

## **Background**

Provisions number 1 through 6 from above were balloon amendments to the original HB 2706 suggested by Representative Edmonds. Provisions number 7 through 9 from above represent the substance of HB 2649, HB 2650, and HB 2651 which had been requested for introduction by the Department of Revenue.

Fiscal information on the amended version of the bill was not immediately available.