SESSION OF 2003

SUPPLEMENTAL NOTE ON SENATE BILL NO. 279

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 279, as amended, would accelerate withholding, sales and compensating use, and severance tax collections.

KSA 79-3298 would be amended to require that when withholding taxes exceed $200 but do not exceed $8,000 for a calendar year, they are to be remitted on a monthly basis by employers. Current law provides for quarterly remittances of withholding taxes of $200 but not in excess of $1,200; and for monthly remittances when taxes are in excess of $1,200 on a calendar year basis.

KSA 79-3607 would be amended to require that when total sales or use tax collections exceed $80 for a calendar year, they are to be remitted on a monthly basis by retailers. Current law provides for quarterly remittances when total liability is in excess of $80 but does not exceed $1,600; and for monthly remittances when annual collections are above $1,600 but not exceeding $32,000.

KSA 79-4220 would be amended to require an estimated payment of severance taxes on or before the 25th day of the first month following the end of the month the oil, gas, or coal was severed from the earth. Current law provides for payment of actual liability to be made on or before the 20th day of the second month following the end of the production month. No penalty or interest could be assessed on estimated tax payments made in a timely manner which are 80 percent of the amount due for the current month or 100 percent of the tax due for the same month of the previous year.

***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/klrd

Background

The Senate Assessment and Taxation Committee forwards the bill to the full Senate without recommendation. The amendment was designed to address some of the concerns of the oil and gas industry with respect to administrative and timing issues surrounding the severance tax accelerator.

The bill was introduced at the request of the Governor. The Department of Revenue indicated that the bill would be expected to increase FY 2004 SGF tax receipts by $18.0 million. Of this amount, $6.3 million would be attributable to the withholding tax acceleration; $6.7 million would be attributable to the sales and use tax acceleration; and $5.0 million would be attributable to the severance tax acceleration. The Department has reiterated its belief that the severance tax accelerator would increase SGF receipts by $5.0 million even with the amendment.

Though not mentioned in the Department's testimony, the sales and use tax accelerator also would be expected to increase SHF receipts in FY 2004 by $0.332 million; and the severance tax accelerator also would be expected to increase CMPTF receipts (which are ultimately distributed in equal shares to school districts and counties) by $0.376 million.

Because the provisions of the bill would accelerate receipts for FY 2004 only, total collections in FY 2005 and thereafter would remain unchanged.