

SESSION OF 2004

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2883

As Amended by House Committee on
Taxation

Brief*

HB 2883, as amended, would require the Secretary of Revenue to adopt rules and regulations regarding the filing of documentation to support income, premiums, and privilege tax credits claimed to help offset a portion of property taxes actually and timely paid for commercial and industrial machinery and equipment.

The bill also would amend a section of the law relating to penalties assessed relative to the underpayment of estimated (income) tax liability to provide that: (1) the amount of tax individuals could reasonably be expected to owe before estimated payments are required would be increased from \$200 to \$500; and (2) no penalties could be assessed to individuals with federal income tax liabilities, net of federal withholding, estimated tax payments, credits and other payments, equal to or less than zero.

Background

The original bill, which dealt with the increase from \$200 to \$500 relative to estimated tax penalties, was recommended for introduction by the Kansas Society of Certified Public Accountants, which also recommended the provisions relating to documentation of certain income tax credits (subject matter of HB 2882).

The House Taxation Committee amended the bill to add the tax credit documentation language; and also to provide for an additional "safe harbor" provision eliminating estimated tax penalties when federal liabilities under certain circumstances are equal to or less than zero. The latest fiscal note available from the Department of Revenue

*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>

indicated that the State General Fund receipts would be expected to decrease by about \$0.1 million.