KDOR Balloon Amendment
to Senate Bill 31
Revised 2-2-15

disclosure is prohibited by the federal internal revenue code as in effect on September 1, 1996, and amendments thereto, related federal internal revenue rules or regulations, or other federal law.

Sec. 3. K.S.A. 2014 Supp. 79-3235 is hereby amended to read as follows: 79-3235. *(a)* If any tax imposed by this act or any portion of such tax is not paid within 60 days after it becomes due, the secretary or the secretary's designee shall issue a warrant under the secretary's or the secretary's designee's hand and official seal, directed to the sheriff of any county of the state, commanding the sheriff to levy upon and sell the real and personal property of the taxpayer found within the sheriff's county for the payment of the amount thereof, with the added penalties, interest and the cost of executing the warrant and to return the warrant to the secretary or the secretary's designee and pay to the secretary or the secretary's designee the money collected by virtue of it not more than 60 days from the date of the warrant. Firearms seized may be appraised and disposed of in the same manner prescribed in K.S.A. 79-5212, and amendments thereto. The sheriff, within five days after the receipt of the warrant, shall file with the clerk of the district court of the county a copy thereof, and thereupon the clerk shall either enter in the appearance docket the name of the taxpayer mentioned in the warrant, the amount of the tax or portion of it, interest and penalties for which the warrant is issued and the date such copy is filed and note the taxpayer's name in the general index. No fee shall be charged for either entry. The amount of such warrant so docketed shall thereupon become a lien upon the title to and interest in the real ~~*and personal*~~ property of the taxpayer against whom it is issued. The sheriff shall proceed in the same manner and with the same effect as prescribed by law with respect to executions issued against property upon judgments of a court of record and shall be entitled to the same fees for services to be collected in the same manner. Insert A

strike strike

C ~~*(b)*~~ The court in which the warrant is docketed shall have jurisdiction over all subsequent proceedings as fully as though a judgment had been rendered in the court. In the discretion of the secretary or the secretary's designee a warrant of like terms, force and effect may be issued and directed to any officer or employee of the secretary, and in the execution thereof such officer or employee shall have all the powers conferred by law upon sheriffs, and the subsequent proceedings thereunder shall be the same as provided where the warrant is issued directly to the sheriff. The taxpayer shall have the right to redeem the real estate within a period of 18 months from the date of such sale. If a warrant is returned, unsatisfied in full, the secretary or the secretary's designee shall have the same remedies to enforce the claim for taxes as if the state of Kansas had recovered judgment against the taxpayer for the amount of the tax. No law exempting any goods and chattels, lands and tenements from forced sale under execution shall apply to a levy and sale under any such warrant or upon any execution issued upon any judgment rendered in any action for income taxes. Except as provided ~~further~~ *in subsection ~~(e)~~*, the secretary or the d secretary's designee shall have the right after a warrant has been returned unsatisfied or satisfied only in part, to issue alias warrants until the full amount of the tax is collected.

d *~~(e)~~* If execution is not issued within 10 years from the date of the docketing of any such warrant, or if 10 years shall have intervened between the date of the last execution issued on such warrant, and the time of issuing another writ of execution thereon, such warrant shall become dormant, and shall cease to operate as a lien on the real ~~estate~~ *[and* strike and insert estate strike *personal property]* of the delinquent taxpayer. Such dormant warrant may be revived in like manner as dormant judgment under the code of civil procedure.

Insert B

Sec. 4. K.S.A. 2014 Supp. 79-3235a is hereby amended to read as follows: 79-3235a. (a) Notwithstanding any provision of K.S.A. 79-3235, and amendments thereto, to the contrary, the procedures set forth by this section shall apply to the issuance of any warrant and the levy upon property pursuant to such provisions.

(b) The secretary or the secretary's designee shall notify in writing the person who is the subject of the warrant of the filing of a warrant under K.S.A. 79-3235, and amendments thereto. The notice required shall be given ~~in person, left at the dwelling or usual place of business of such person or sent by certified or registered mail to such person's last known dwelling address, not more than five business days after the day of the filing of the notice of lien~~ *with the warrant*. The notice shall include in simple and nontechnical terms the amount of unpaid taxes, the administrative appeals available to the taxpayer with respect to such warrant and the procedures relating to such appeals, and the provisions of law and procedures relating to the release of warrants on property.

Sec. 5. K.S.A. 2014 Supp. 79-3607 is hereby amended to read as follows: 79-3607. (a) Retailers shall make returns to the director at the times prescribed by this section in the manner prescribed by the director, including electronic filing, upon forms or format prescribed by the director stating: (1) The name and address of the retailer; (2) the total amount of gross sales of all tangible personal property and taxable services rendered by the retailer during the period for which the return is made; (3) the total amount received during the period for which the return is made on charge and time sales of tangible personal property made and taxable services rendered prior to the period for which the return is made; (4) deductions allowed by law from such total amount of gross sales and from total amount received during the period for which the return is made on such charge and time sales; (5) receipts during the period for which the return is made from the total amount of sales of tangible personal property and taxable services rendered during such period in the course of such business, after deductions allowed by law have been made; (6) receipts during the period for which the return is made from charge and time sales of tangible personal property made and taxable services rendered prior to such period in the course of such business, after deductions allowed by law have been made; (7) gross receipts during the period for which the return is made from sales of tangible personal property and taxable services rendered in the course of such business upon the basis of which the tax is imposed. The return shall include such other pertinent information as the director may require. In making such return, the retailer shall determine the market value of any consideration, other than money, received in connection with the sale of any tangible personal property in the course of the business and shall include such value in the return. Such value shall be subject to review and revision by the director as hereinafter provided. Refunds made by the retailer during the period for which the return is made on account of tangible personal property returned to the retailer shall be allowed as a deduction under ~~subdivision~~ *paragraph* (4) of this section in case the retailer has theretofore included the receipts from such sale in a return made by such retailer and paid taxes therein imposed by this act. The retailer shall, at the time of making such return, pay to the director the amount of tax herein imposed, except as otherwise provided in this section. The director may extend the time for making returns and paying the tax required by this act for any period not to exceed 60 days under such rules and regulations as the secretary of revenue may prescribe. When the total tax for which any retailer is liable under this act, does not exceed the sum of $80 in any calendar year, the retailer shall file an annual return on or before January 25 of the following year. When the total tax liability does not exceed $3,200 in any calendar year, the retailer shall file returns quarterly on or before the 25th day of the month following the end of each calendar quarter. When the total tax liability exceeds $3,200 in any calendar year, the retailer shall file a return for each month on or before the 25th day of the following month. When the total tax liability exceeds $32,000 in any calendar year, the retailer shall be required to pay the sales tax liability for the first 15 days of each month to the director on or before the 25th day of that month. Any such payment shall accompany the return filed for the preceding month. A retailer will be considered to have complied with the requirements to pay the first 15 days' liability for any month if, on or before the 25th day of that month, the retailer paid 90% of the liability for that fifteen-day period, or 50% of such retailer's liability in the immediate preceding calendar year for the same month as the month in which the fifteen-day period occurs computed at the rate applicable in the month in which the fifteen-day period occurs, and, in either case, paid any underpayment with the payment required on or before the 25th day of the following month. Such retailers shall pay their sales tax liabilities for the remainder of each such month at the time of filing the return for such month. Determinations of amounts of liability in a calendar year for purposes of determining filing requirements shall be made by the director upon the basis of amounts of liability by those retailers during the preceding calendar year or by estimates in cases of retailers having no previous sales tax histories. The director is hereby authorized to modify the filing schedule for any retailer when it is apparent that the original determination was inaccurate.

(b) All model 1, model 2 and model 3 sellers are required to file returns electronically. Any model 1, model 2 or model 3 seller may submit its sales and use tax returns in a simplified format approved by the director. Any seller that is registered under the agreement, which does not have a legal requirement to register in this state, and is not a model 1, model 2 or model 3 seller, may submit its sales and use tax returns as follows: (1) Upon registration, the director shall provide to the seller the returns required;

(2) seller shall file a return anytime within one year of the month of initial registration, and future returns are required on an annual basis in succeeding years; and

(3) in addition to the returns required in subsection (b)(2), sellers are required to submit returns in the month following any month in which they have accumulated state and local sales tax funds for this state in the amount of $1,600 or more.

(c) Whenever the director has cause to believe that the tax levied by the Kansas retailers sales tax act may be converted, diverted, lost or otherwise not timely paid in accordance with this section, the director shall have the power to require returns and payment at anytime, at more frequent intervals than prescribed by this section in order to secure full payment to the state of all amounts due in accordance with the Kansas retailers sales tax act.

Sec. 6. K.S.A. 2014 Supp. 79-3617 is hereby amended to read as follows: 79-3617. *(a)* Whenever any taxpayer liable to pay any sales or compensating tax, refuses or neglects to pay the tax, the amount, including any interest or penalty, shall be collected in the following manner. The secretary of revenue or the secretary's designee shall issue a warrant under the hand of the secretary or the secretary's designee and official seal directed to the sheriff of any county of the state commanding the sheriff to levy upon and sell the real and personal property of the taxpayer found within the sheriff's county to satisfy the tax, including penalty and interest, and the cost of executing the warrant and to return such warrant to the secretary or the secretary's designee and pay to the secretary or the secretary's designee the money collected by virtue thereof not more than 90 days from the date of the warrant. Firearms seized may be appraised and disposed of in the same manner prescribed in K.S.A. 79-5212, and amendments thereto. The sheriff ~~shall~~, within five days~~;~~ after the receipt of the warrant, *shall* file with the clerk of the district court of the county a copy thereof, and thereupon the clerk shall either enter in the appearance docket the name of the taxpayer mentioned in the warrant, the amount of the tax or portion of it, interest and penalties for which the warrant is issued and the date such copy is filed and note the taxpayer's name in the general index. No fee shall be charged for either such entry. The amount of such warrant so docketed shall thereupon become a lien upon the title to, and interest in, the real *and personal* property of the taxpayer against whom it is issued. The sheriff shall proceed in the same manner and with the same effect as prescribed by law with respect to executions issued against property upon judgments of a court of record, and shall be entitled to the same fees for services. strike Insert C

c *(b)* The court in which the warrant is docketed shall have jurisdiction over all subsequent proceedings as fully as though a judgment had been rendered in the court. A warrant of similar terms, force and effect may be issued by the secretary or the secretary's designee and directed to any officer or employee of the secretary or the secretary's designee, and in the execution thereof such officer or employee shall have all the powers conferred by law upon sheriffs with respect to executions issued against property upon judgments of a court of record and the subsequent proceedings thereunder shall be the same as provided where the warrant is issued directly to the sheriff. The taxpayer shall have the right to redeem the real estate within a period of 18 months from the date of such sale. If a warrant is returned, unsatisfied in full, the secretary or the secretary's designee shall have the same remedies to enforce the claim for taxes as if the state of Kansas had recovered judgment against the taxpayer for the amount of the tax. No law exempting any goods and chattels, land and tenements from forced sale under execution shall apply to a levy and sale under any of the warrants or upon any execution issued upon any judgment rendered in any action for sales or compensating taxes. Except as provided ~~further~~ *in subsection (e)*, the secretary or the secretary's designee shall have the right after a warrant has been returned unsatisfied, or satisfied only in part, to issue alias warrants until the full amount of the tax is collected. No costs incurred by the sheriff or the clerk of the court shall be charged to the secretary or the secretary's designee. d

d *(e)* If execution is not issued within 10 years from the date of the docketing of any such warrant, or if 10 years shall have intervened between the date of the last execution issued on such warrant, and the time of issuing another writ of execution thereon, such warrant shall become dormant, and shall cease to operate as a lien on the real ~~estate~~ [*and* strike and insert estate

strike *personal property*] of the delinquent taxpayer. Such dormant warrant may be revived in like manner as dormant judgments under the code of civil procedure.

Insert D

Sec. 7. K.S.A. 2014 Supp. 79-3643 is hereby amended to read as follows: 79-3643. (a) Any ~~individual~~ *person* who is responsible for collection or payment of sales or compensating tax or control, receipt, custody or disposal of funds due and owing under the Kansas retailers' sales and compensating tax acts who willfully fails to collect such tax, or account for and pay over such tax, or attempts in any manner to evade or defeat such tax or the payment thereof shall be ~~personally~~ liable for the total amount of the tax evaded, or not collected, or not accounted for and paid over, together with any interest and penalty imposed thereon. The provisions of this section shall apply regardless of the: (1) Relationship with the retailer held by such ~~individual~~ *person*; (2) form under which the retailer conducts business, whether a sole proprietorship, partnership or corporation; or (3) dissolution of the business. As used in this section, "willfully" has the same meaning as such term has for federal tax purposes in 26 U.S.C. § 6672.

(b) A notice of assessment issued to a responsible ~~individual~~ *person* shall be considered to be a proceeding for the collection of the tax liability of the business. If the liability of the business is determined in a proceeding that has become final, any notice of assessment against a responsible ~~individual~~ *person* must be issued within three years after the proceeding against the business has become final.

(c) Within 60 days after the mailing of a notice of assessment against a responsible ~~individual~~ *person*, the person assessed may request an informal conference with the secretary of revenue under K.S.A. 79-3226, and amendments thereto, for a determination of whether such person is a responsible ~~individual~~ *person* under subsection (a) and for a determination of the tax liability of the business.

(d) If notice of assessment and warrant are issued to a responsible ~~individual~~ *person* pursuant to K.S.A. 79-3610, and amendments thereto, or any other jeopardy provision of chapter 79 of the Kansas Statutes Annotated, the person assessed may request that the informal conference held pursuant to subsection (c) be expedited. When such a request is made, the secretary shall schedule the conference to be held within 21 days after receipt of the request and shall issue a written final determination within 21 days after the close of the conference.

(e) The provisions of this section shall be deemed to be supplemental to the Kansas retailers' sales and compensating tax acts.

Sec. 8. K.S.A. 2014 Supp. 79-41a03 is hereby amended to read as follows: 79-41a03. (a) The tax levied and collected pursuant to K.S.A. 79-

41a02, and amendments thereto, shall become due and payable by the club, caterer, drinking establishment, public venue or temporary permit holder monthly, or on or before the 25th day of the month immediately succeeding the month in which it is collected, but any club, caterer, drinking establishment, public venue or temporary permit holder filing an annual or quarterly return under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607, and amendments thereto, shall, upon such conditions as the secretary of revenue may prescribe, pay the tax required by this act on the same basis and at the same time the club, caterer, drinking establishment, public venue or temporary permit holder pays such retailers' sales tax. Each club, caterer, drinking establishment, public venue or temporary permit holder shall make a true report to the department of revenue, on a form prescribed by the secretary of revenue, providing such information as may be necessary to determine the amounts to which any such tax shall apply for all gross receipts derived from the sale of alcoholic liquor by the club, caterer, drinking establishment, public venue or temporary permit holder for the applicable month or months, which report shall be accompanied by the tax disclosed thereby. Records of gross receipts derived from the sale of alcoholic liquor shall be kept separate and apart from the records of other retail sales made by a club, caterer, drinking establishment, public venue or temporary permit holder in order to facilitate the examination of books and records as provided herein.

(b) The secretary of revenue or the secretary's authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of a club, caterer, drinking establishment, public venue or temporary permit holder as may be necessary to determine the accuracy of such reports required hereunder.

(c) The secretary of revenue is hereby authorized to administer and collect the tax imposed hereunder and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement of the collection thereof. Whenever any club, caterer, drinking establishment, public venue or temporary permit holder liable to pay the tax imposed hereunder refuses or neglects to pay the same, the amount, including any penalty, shall be collected in the manner prescribed for the collection of the retailers' sales tax by K.S.A. 79-3617, and amendments thereto.

(d) The secretary of revenue shall remit all revenue collected under the provisions of this act to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. Subject to the maintenance requirements of the local alcoholic liquor refund fund created under K.S.A. 79-41a09, and amendments thereto, 25% of the remittance shall be credited to the state general fund, 5% shall be credited to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126, and amendments thereto, and the balance shall be credited to the local alcoholic liquor fund created by K.S.A. 79-41a04, and amendments thereto.

(e) Whenever, in the judgment of the secretary of revenue, it is necessary, in order to secure the collection of any tax, penalties or interest due, or to become due, under the provisions of this act, the secretary may require any person subject to such tax to file a bond with the director of taxation under conditions established by and in such form and amount as prescribed by rules and regulations adopted by the secretary.

(f) The amount of tax imposed by this act shall be assessed within three years after the return is filed, and no proceedings in court for the collection of such taxes shall be begun after the expiration of such period except in the cases of fraud. In the case of a false or fraudulent return with intent to evade tax, the tax may be assessed or a proceeding in court for collection of such tax may be begun at any time, within two years from the discovery of such fraud. No refund or credit shall be allowed by the director after three years from the date of payment of the tax as provided in this act unless before the expiration of such period a claim therefor is filed by the taxpayer, and no suit or action to recover on any claim for refund shall be commenced until after the expiration of six months from the date of filing a claim therefor with the director. Before the expiration of time prescribed in this section for the assessment of additional tax or the filing of a claim for refund, the director is hereby authorized to enter into an agreement in writing with the taxpayer consenting to the extension of the periods of limitations for the assessment of tax or for the filing of a claim for refund, at any time prior to the expiration of the periods of limitations. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(g) Whenever the secretary of revenue has cause to believe that the tax levied pursuant to K.S.A. 79-41a02, and amendments thereto, may be converted, diverted, lost or otherwise not timely paid in accordance with this section, the secretary shall have the power to require returns and payment at any time, at more frequent intervals than prescribed by this section in order to secure full payment to the state of all amounts due in accordance with K.S.A. 79-41a01 et seq., and amendments thereto.

Sec. 9. K.S.A. 2014 Supp. 75-5133, 79-3234, 79-3235, 79-3235a, 79-3235b, 79-3607, 79-3617, 79-3643 and 79-41a03 are hereby repealed.

Sec. 10. This act shall take effect and be in force from and after its publication in the statute book.

Insert A

(b) Once the warrant has been docketed with the clerk of the district court, the secretary or the secretary's designee shall file with the office of the secretary of state a notice of lien. The notice of lien shall be filed in the uniform commercial code filing system with the secretary of state in accordance with part 5 of article 9 of the uniform commercial code, and amendments thereto, in an electronic format as prescribed by the secretary of state. No fee shall be charged by the secretary of state for the initial filing. The fee to terminate the filing shall be set in accordance with the rules and regulations filing act. ~~The notice of lien shall thereupon become a lien upon the title to and interest in the tangible personal property, wherever located in the state of Kansas, of the taxpayer against whom the notice of lien was filed.~~

Insert B

. If the warrant is dormant, it shall cause the lien upon personal property filed with the office of the secretary of state to be dormant as well. In the event the warrant is revived, the lien upon personal property filed with the office of the secretary of state shall be revived as well.

(e) The lien on tangible personal property provided in subsection (b) shall cease to exist 10 years from the date of the filing of the notice of lien with the office of the secretary of state, unless before such time the secretary or the secretary's designee files with the office of the secretary of state a notice of renewal of such lien. The notice of renewal shall operate to extend the lien for 10 years from the date of the filing of the notice. The lien may be extended through the filing of a notice of renewal an unlimited number of times, as long as each notice of renewal is filed within 10 years of the date the previous notice of renewal was filed.

Insert C

(b) Once the warrant has been docketed with the clerk of the district court, the secretary or the secretary's designee shall file with the office of the secretary of state a notice of lien. The notice of lien shall be filed in the uniform commercial code filing system with the secretary of state in accordance with part 5 of article 9 of the uniform commercial code, and amendments thereto, in an electronic format as prescribed by the secretary of state. No fee shall be charged by the secretary of state for the initial filing. The fee to terminate the filing shall be set in accordance with the rules and regulations filing act. ~~The notice of lien shall thereupon become a lien upon the title to and interest in the tangible personal property, wherever located in the state of Kansas, of the taxpayer against whom the notice of lien was filed.~~ The department shall release any lien upon the property of a taxpayer upon payment of all tax, penalty and interest within 30 days of payment. Liens filed in error shall be so noted on the satisfaction of judgment. The department shall be liable for any court costs associated with the release of such erroneous liens.

Once filed, the notice of lien shall be deemed a lien upon the right and interest in tangible personal property, wherever located in the state of Kansas, of the taxpayer against whom the notice of lien was filed. This section shall not apply to tangible personal property which is required to be registered and for which a certificate of title has been issued by the state of Kansas.

Insert D

If the warrant is dormant, it shall cause the lien upon personal property filed with the office of the secretary of state to be dormant as well. In the event the warrant is revived, the lien upon personal property filed with the office of the secretary of state shall be revived as well.

(e) The lien on tangible personal property provided in subsection (b) shall cease to exist 10 years from the date of the filing of the notice of lien with the office of the secretary of state, unless before such time the secretary or the secretary's designee files with the office of the secretary of state a notice of renewal of such lien. The notice of renewal shall operate to extend the lien for 10 years from the date of the filing of the notice. The lien may be extended through the filing of a notice of renewal an unlimited number of times, as long as each notice of renewal is filed within 10 years of the date the previous notice of renewal was filed.