

REVISED
SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE BILL NO. 234

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 234, as amended, would authorize a tax amnesty for penalties and interest relative to certain delinquent taxes provided such taxes are paid in full from September 1, 2015 to October 15, 2015. The amnesty would apply to privilege, income, estate, cigarette, tobacco products, liquor enforcement, liquor drink, severance, state sales, state use, local sales, and local use taxes.

The amnesty would be limited to penalties and interest applied to liabilities associated with tax periods ending on or before December 31, 2013.

The amnesty would not apply to any matter for which, on or after September 1, 2015, taxpayers have received notices of assessment or for which an audit had previously been initiated. Any fraud or intentional misrepresentation in connection with an amnesty application would void the application and any penalties and interest that otherwise would be waived.

Background

The original bill, which included the amnesty proposal, was introduced at the request of the Governor as part of a package of revenue enhancement recommendations submitted in January. Included in the original bill were

*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>

provisions that would have frozen individual income tax rates beginning in tax year 2016; amended a formula that could provide additional rate reductions beginning in tax year 2019; provided for earmarking a portion of SGF tax receipts for two newly created funds; and accelerated to tax year 2015 a haircut being phased in under current law for most itemized deductions.

The Senate Assessment and Taxation Committee on May 7 removed all of the bill's original provisions except for the proposed amnesty. A second amendment clarified the amnesty also would apply to the liquor drink tax.

The Department of Revenue indicated the total amount of additional tax receipts collected as a result of the amnesty would be \$36.088 million, \$30 million of which would be deposited in the State General Fund (SGF), \$2.471 million of which would be deposited in the State Highway Fund (SHF), and \$3.618 million of which would be returned to local units levying sales and use taxes. The latest estimated disaggregation of the amnesty receipts by tax source is as follows:

(\$ in millions)

	<u>SGF</u>	<u>SHF</u>	<u>Local</u>	<u>Total</u>
Sales	\$ 10.000	\$ 2.059	\$ 3.015	\$ 15.073
Use	2.000	0.412	0.603	3.015
Individual Income	12.000	0.000	0.000	12.000
Corporate Income	5.000	0.000	0.000	5.000
Cigarette	0.500	0.000	0.000	.500
Liquor Enforcement	0.500	0.000	0.000	.500
TOTAL	<u>\$ 30.000</u>	<u>\$ 2.471</u>	<u>\$ 3.618</u>	<u>\$ 36.088</u>