

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Vice-Chair Clark Schultz at 9:10 a.m. on February 6, 2003, in Room 514-S of the Capitol.

All members were present except: Representative Larry Campbell, Excused

Committee staff present: J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Amy Deckard, Legislative Research Department
Julian Efird, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Sue Fowler, Committee Secretary

Conferees appearing before the committee: Joan Wagon, Acting Secretary, Department of Revenue

Others attending: See Attached

Committee members received reports from the Department of Social and Rehabilitative Services in response to the provisions of **SB 517** and House Substitute for **SB 363** (2002). These refer to family participation fees for the HCBS waiver program and family preservation and the report on Mental Health Financing (Attachment 1).

Joan Wagon, Acting Secretary with Department of Revenue presented a review of the arrears tax collection process and the Amnesty Program (Attachment 2).

Acting Secretary Wagon introduced the following members of her staff: Shirley Sicilian, General Counsel; Steve Stotts, Director of Taxation; Jim Conant, Budget; and Richard Cram, Policy & Research.

The Department will implement a two-phase tax amnesty program, with Phase 1 to begin immediately. Phase 1 will involve an aggressive campaign to pursue settlement negotiations on pending assessments, with the goal of resolving cases which should be settled prior to the end of this fiscal year. Phase 2 will involve a tax amnesty program to be conducted this coming fall, which will require legislative authorization. It will offer waiver of penalties and interest to taxpayers with accounts in collection or who are non-filers or under-reporters upon payment in full of the underlying tax liability, if payment is received between October 1, 2003, and November 30, 2003.

The purpose of Phase 1, the accelerated settlement program, is to bring in as much revenue as possible before the end of FY 2003 from disputed assessments in an attempt to alleviate the current fiscal situation. The purpose of Phase 2, the tax amnesty program, is to convert as many outstanding accounts receivable as possible into much needed revenue during the first half of FY 2004.

Several committee members brought up instances where they or their constituents have had difficulty in the past few years communicating with the Department of Revenue when attempting to work out particular tax issues. Acting Secretary Wagon requested that committee members contact her directly, and she or the department staff would deal on a case-by-case basis with the specific instances reported by the Committee members.

The addition of FTE's have improved and increased the Department of Revenue's collections. The incorrect transfer of data during the computerization process has created a lot of errors but in turn it has increased collections. The additional collection personnel have kept the department financially secure, in terms of the revenue they have produced, even with the problems that came with the conversion to the computerization process.

The Committee requested the following information from Department of Revenue:

- Requested a chart on two or three cities' cigarette sales since the new tax schedule has gone into effect. (The

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Policy and Research Division reported there are a number of employees who track all the various types of taxes).

- Are there statewide statistics on cigarette sales locally and is monitoring occurring in internet and 800 number tobacco sales.

In response to Committee questions, Acting Secretary Wagon pointed out that use tax is applied to cigarettes purchased in Kansas. She volunteered to make staff from the Policy and Research Division available to respond to Committee questions on an as-needed basis.

Acting Secretary Wagon agreed to furnish a refund report on individual income tax, which is generated from the Information Technology Department on a weekly basis. She acknowledged it was difficult to ascertain the exact amount of corporate taxes collected, and how many are in arrears or filing amended tax returns from past years.

The meeting was adjourned at 10:15 a.m. The next meeting is scheduled for February 11, 2003.

Melvin Neufeld, Chair