

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on January 29, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative Tom Sawyer- excused

Committee staff present:

Chris Courtwright, Legislative Research Department

Martha Dorsey, Legislative Research Department

Gordon Self, Revisors of Statutes

Carol Doel, Committee Secretary

Conferees appearing before the committee:

Chris Courtwright, Legislative Research Dept.

Laura Johnson, Attorney for Property Valuation Dept

Roger Hamm, Property Valuation Dept.

Others attending:

See Attached List

Chairman Edmonds opened the meeting requesting introduction of bills. Representative Huff requested the introduction of a bill regarding internet sales of cigarettes to minors.

This bill will be accepted for introduction.

Representative Tafanelli requested a bill that would go back and change sales and compensated use tax which would allow contractors to be able to pass on to the state those charges in compensated use for materials brought in from out of state.

Hearing no objections, this will be accepted for introduction.

Mr. Chris Courtwright, Legislative Research Department, briefed the committee regarding intangible tax explaining that the local option intangible tax is levied on income from money, notes and other evidence of debt during the preceding calendar year. Certain interest and passive income, saving accounts, stocks and certain kinds of bonds are the kinds of things on which people will pay intangible tax. Intangible tax does not apply to interest on notes secured by Kansas real estate mortgages on which a registration fee has been paid, individual retirement and KEO accounts and other qualified retirement plans, bonds and other evidences of indebtedness issued by the federal government, state or any of the taxing subdivisions. Also, there is a special senior citizen or disability exemption. (Attachment 1)

Mr. Courtwright called attention to information which Randy Allen had obtained for committee review regarding the latest tallies on intangible taxes. At present, the intangible taxes are being imposed by 32 counties, 110 cities and 409 townships. (Attachment 2)

Richard Cram, Department of Revenue provided Kansas Individual Income Tax and Food Sales Refund forms and instructions from 2003 for review by each committee member. This included the intangible tax form as well as instructions regarding filing state taxes electronically. (This booklet can be obtained by contacting the Kansas Department of Revenue at 915 SW Harrison Street or by visiting their web site at www.webtax.org)

Laura Johnson, Attorney for the Property Valuation Department introduced Roger Hamm also from the Property Valuation Department to give further briefing on property valuation and appraisal. Mr. Hamm provided material to the committee regarding the classification and assessment of property. The Kansas law requires that property be taxed uniformly and equally as to class, and unless otherwise specified, valued based upon its fair market value. He also provided motor vehicle levy certification according to county for the year of 2004. (Attachment 3)