

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:30 A.M. on January 24, 2007 in Room 519-S of the Capitol.

All members were present except:
Derek Schmidt- excused

Committee staff present:
Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Jason Thompson, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:
Richard Cram, Kansas Department of Revenue
Sky Westerlund, Kansas Chapter national Association of Social Workers

Others attending:
See attached list.

Senator Jim Barone requested introduction of a bill granting sales tax exemption to Frontenac Education Foundation. Senator Lee moved to introduce requested bill. Senator Bruce seconded the motion, and the motion passed.

Senator Lee moved to introduce a bill that would form a Tax Modernization Commission. Senator Bruce seconded the motion, and the motion passed.

Senator Allen moved to introduce a bill granting sales tax exemption for Jazz in the Woods. Senator Bruce seconded the motion, and the motion carried.

Senator Allen moved to introduce a bill granting sales tax exemption for Johnson County Young Matrons. Senator Jordan seconded the motion, and the motion carried.

Senator Allen moved to introduce a bill granting sales tax exemption for TLC for Children and Families Foundation. Senator Jordan seconded the motion, and the motion carried.

Senator Allen moved to introduce a bill granting sales tax exemption for all 501(c)(3) organizations. Senator Donovan seconded the motion, and the motion carried.

Senator Allen moved to introduce a franchise tax bill, which would be a modified version of the Governor's franchise tax recommendation. Senator Apple seconded the motion, and the motion carried.

Senator Apple moved to introduce a bill granting sales tax exemption for Ottawa Suzuki Strings. Senator Bruce seconded the motion, and the motion carried.

SB 91--Social security number or tax identification number required for licensure, certification or registration with state authorities

Hearing on **SB 91** was opened. Richard Cram, Kansas Department of Revenue, testified KDOR has requested membership lists for discovery matching from 20 to 29 licensing agencies to date. All have provided SSNs except the Kansas State Board of Technical Professions. **SB 91** would clarify the licensing agency has the authority to require the license applicant to make that disclosure and in turn provide information to KDOR, in conformity with the federal law. During discussion, KDOR agreed to provide a copy of a legal opinion stating the Kansas State Board of Technical Professions is not required to provide KDOR the SSNs of their licensees. Mary Feighny, Assistant Attorney General, testified this is not a formal Attorney General opinion. She provided this opinion to the Board in her capacity as General Counsel for the Kansas State Board of Technical Professions. She testified it is currently illegal for any organization to turn over its licensees' SSNs, because it is a violation of the Federal Privacy Act. The opinion is dated August, 2006. She agreed

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to provide copies of the opinion to committee members. She said this legislation would make it legal for agencies to turn over licensee SSNs to KDOR.

In response to Senator Apple, Jeff Scott, KDOR, said the identification number on a valid Kansas Driver's License does not fall under the same privacy criteria as SSNs. When a driver's license is renewed, applicants must provide their SSN; however, the tax system and driver's license system at KDOR do not "talk" to each other. Mr. Cram said if only the last four digits of a SSN were used, there was the possibility of over 10,000 numbers that might match.

Sky Westerfield, Kansas Chapter National Association of Social Workers, testified in favor of **SB 91**. (Attachment 2) She cautioned against submitting SSNs through an online process for security reasons. Jeff Scott, KDOR, said the Department of Revenue collects the information on CDs, then destroys the CDs.

Hearing on **SB 91** was closed.

SB 92--Electronic funds transfer of sales tax moneys collected on the isolated and occasional sale of motor vehicles

Hearing on **SB 92** was opened with testimony from Richard Cram. (Attachment 3) It would require sales tax revenues collected by County Treasurer offices to be remitted daily to KDOR. County Treasurer offices already remit other fees and registrations by EFT daily. Richard Samaniego, Kearney & Associates, said the county treasurers have a neutral position on this bill.

Hearing on **SB 92** was closed.

SB 34--Additional projects that qualify pursuant to the transportation development district act

Discussion was held on **SB 34**. Senator Jordan moved to amend SB 34 on page 2, line 14, by deleting the word "facade"; and to further amend the bill on page 2, line 20, by adding the sentence, "Project" includes a building facade but only when part of remodeling, repairing, enlarging or reconstructing an existing building. Senator Donovan seconded the motion, and the motion carried.

Senator Lee moved to pass SB 34 as amended favorable for passage. Senator Donovan seconded the motion, and the motion carried.

Chris Courtwright briefly reviewed:

SB 26--Adjustments to the homestead property tax act related to refunds and filing requirements

SB 27--Verification of income by certain claimants who are renters under the homestead property tax refund act

SB 28--Providing asset test requirement for claimants of homestead property tax refunds

Bruce Larkin, KDOR, proposed amending **SB 28** on lines 13 & 14 by deleting "who owns or controls assets with an aggregate fair market value exceeding \$250,000" and inserting in lieu thereof, "owning or occupying a homestead that is not rental property and for which the appraised valuation for property tax purposes exceeds \$300,000." (Attachment 4) KDOR Secretary Joan Wagnon said this bill would target abusers of the homestead tax exemption law. It would not cure the problem, but it would help close the loopholes.

Senator Apple moved to adopt the proposed amendment to SB 28 and substitute \$200,000 for \$300,000. Senator Lee seconded the motion, and the motion carried.

Senator Lee moved to report SB 28 as amended favorably for passage. Senator Goodwin seconded the motion, and the motion carried.

Senator Lee moved to amend the language in SB 27 into SB 26. Senator Donovan seconded the motion, and the motion carried.

Senator Lee moved to report SB 26 as amended favorably for passage. Senator Donovan seconded the motion, and the motion passed.

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Senator Bruce moved to approve the Minutes of the January 18 Committee meeting. Senator Pine seconded the motion, and the motion carried.

Joan Wagnon discussed a Township Fund report with the Committee. (Attachment 5) Unfortunately all of the information that is filed by townships goes on paper. If townships were required to file their information electronically, comparisons could be made of the information. Secretary Wagnon said there may be a bill that has been introduced in the House to require electronic filings by townships. She will check and report back to the Committee.

The meeting adjourned at 11:40 p.m. The next meeting will be January 25.