

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 19, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Martha Dorsey, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Richard Cram, Department of Revenue
Jeff Scott, Department of Revenue
Jim Conant, Department of Revenue

Others attending:

See attached list.

Senator Laura Kelly requested introduction of a bill concerning the adoption tax credit. Senator Donovan moved that the bill be introduced. Senator Lee seconded the motion, and the motion passed.

Chairman Allen, on behalf of Senator Pete Brungardt, requested the re-introduction of the 2005 Session **HB 2022**. Senator Donovan moved that the bill be introduced. Senator Lee seconded the motion, and the motion passed.

Allie Devine, Kansas Livestock Association, requested the introduction of a bill to make a technical correction in the hay barn exemption law. Senator Apple moved to introduce the bill. Senator Goodwin seconded the motion, motion passed.

Ms. Devine requested the introduction of another bill concerning the carry over of a tax credit refund. Senator Lee moved to request the introduction of the bill. Senator Donovan seconded the motion, and the motion passed.

Hearing on: **SB 357**:—Penalties for failure to file or filing an incorrect or insufficient income tax return

Richard Cram, KDOR, testified this bill would provide a penalty when a taxpayer claims a refund after failing to file an income tax return. (Attachment 1) During committee discussion, he said on the average it costs the Department of Revenue approximately \$125 to pursue someone who has not filed. There were 202,000 non-filers last year. Most of the non-filers owed the state money.

Hearing on **SB 357** was closed.

Hearing on: **SB 358**:—Electronic filing of returns and electronic funds transfer for payments required in certain circumstances

Richard Cram, KDOR, testified **SB 358** would allow KDOR to accomplish more work with fewer staff by lowering the threshold of requiring electronic payment of sales tax liability or employer's withholding tax liability from \$100,000 to \$32,000 annually. (Attachment 2) The bill would also lower the threshold requiring an employer to file copies of the W-2s with KDOR electronically from 250 employees to 50 employees. Senators Lee and Pine expressed concern that small businesses might not have the capacity to file electronically. Mr. Cram said 10,800 accounts would go from paper check payment to electronic payment under this bill.

Hearing on **SB 358** was closed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on January 19, 2006 in Room 519-S of the Capitol.

Hearing on: **SB 359**—Eliminate monetary limitations on tax refund funds

Richard Cram, KDOR, said this bill impacts KDOR's and the Division of Accounts and Reports current capitalization limits. (Attachment 3) Jim Conant, KDOR, gave examples of why the bill was needed. He said it is a processing efficiency issue.

Hearing on **SB 359** was closed.

Senator Schmidt made a motion to approve the Minutes of the January 18 Committee meeting. Senator Goodwin seconded the motion, motion passed.

Being no further business, the meeting adjourned at 11:15 a.m.