Approved: March 8, 1993
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:05 a.m. on March 4, 1993 in Room 519-S of the Capitol.

Members present: Senator Langworthy, Senator Tiahrt, Senator Bond, Senator Corbin, Senator Feleciano Jr., Senator Hardenburger, Senator Reynolds, Senator Sallee, Senator Wisdom

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Bill Edds, Revisor of Statutes
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee: Mark Burghart, Department of Revenue

Others attending: See attached list

HB 2092--Computation of Kansas adjusted gross income for income taxation purposes

Mark Burghart, Department of Revenue appeared to explain **HB 2092.** (Attachment 1) The original deduction was enacted in 1986 and was available only for the tax years 1986 through 1989. He said the provision in the bill has expired and it should be removed to prevent taxpayers from incorrectly claiming the deduction. It should just be taken out of the statute books.

Senator Reynolds moved to pass **HB 2092** favorably. The motion was seconded by Senator Sallee. The motion carried.

HB 2091--Withholding tax penalties and liabilities

Mark Burghart, Department of Revenue, also explained **HB 2091**. He said this bill merely conforms the state treatment of penalties for underpayment of estimated tax to that in the Internal Revenue Code. This change should have been made when the related statutes were amended and were not amended correctly. The change is being made in lines 31 and 32 where 80 percent is changed to 90 percent. Mr. Burghart gave an example of the tax change and answered some questions by the committee.

Senator Bond moved to pass the **HB 2091** favorably and to place it on the consent calendar. The motion was seconded by Senator Feliciano. The motion carried.

The meeting adjourned at 11:25 a.m.

The next meeting is scheduled for March 8, 1993.

GUEST LIST

SENATE ASSESSMENT AND TAXATION COMMITTEE

DATE: March 4, 1993

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
MARK A. BURGHART	TOPEKA	REVENUE
Steve Stotts	"	"
Al Arnold	Topeka	Masons of Kansas
M. [illegible]	Topeka	Cap-Journal
BEV BRADLEY	TOPEKA	KS Assoc of Counties

STATE OF KANSAS

Mark A. Burghart, General Counsel
Robert B. Docking State Office Building
915 S.W. Harrison St.
Topeka, Kansas 66612-1588

(913) 296-2381
FAX (913) 296-7928

Department of Revenue
Legal Services Bureau

MEMORANDUM

To: The Honorable Audrey Langworthy, Chairperson
Senate Committee on Assessment and Taxation

From: Mark A. Burghart, General Counsel
Kansas Department of Revenue

Date: March 4, 1993

RE: 1993 H.B. 2091 and H.B. 2092

Thank you for the opportunity to appear in support of H.B. 2091 and H.B. 2092. H.B. 2091 merely conforms the state treatment of penalties for underpayment of estimated tax to that in the Internal Revenue Code. H.B. 2092 repeals an expired deduction provision. The individual bills are described below.

H.B. 2091

H.B. 2091 concerns the method of computing underpayment of estimated tax. The beginning point for computing the underpayment penalty is the amount of estimated tax owed for a given year. The bill increases the amount of estimated tax owed from 80% to 90% of the tax shown on the return for the taxable year. Specifically, the bill amends K.S.A. 79-32,107 to provide that the amount of underpayment of estimated tax shall be the excess of the amount of the installment which would be required to be paid if the estimated tax were equal to 90% of the tax shown on the return for the taxable year, or if no return was filed, 90% of the tax for such year over the amount, if any, of the installment paid on or before the last day prescribed for payment. This is a change which should have been made in 1989 when related statutes were amended. The amendment will conform the Kansas underpayment of estimated tax provisions to those in § 6654 of the Internal Revenue Code.

Senate Assessment + Taxation
March 4, 1993

Attachment 1-1

H.B. 2092

H.B. 2092 repeals an expired provision in the income tax act which allowed a deduction for the amount of any gain realized by a mortgagor resulting from the sale or other disposition of real estate due to the foreclosure of a mortgage. The original deduction was enacted in 1986 when a number of mortgage foreclosures were occurring in the State of Kansas. The deduction was available only for tax years 1985 through 1989. Since the three (3) year statute of limitations provided by K.S.A. 79-3230 bars any taxpayer from using this provision any longer, it should be eliminated to prevent taxpayers from incorrectly claiming the deduction.

I would be happy to respond to any questions you might have.