

Approved: February 2, 1994  
Date

## MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:07 a.m. on February 1, 1994 in Room 519-S of the Capitol.

Members present: Senator Langworthy, Senator Tiahrt, Senator Martin, Senator Bond, Senator Corbin, Senator Feleciano Jr., Senator Hardenburger, Senator Lee, 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

### APPROVAL OF MINUTES

**Senator Tiahrt moved to approve the minutes of January 31, 1994. The motion was seconded by Senator Bond. The motion carried.**

Senator Langworthy announced a conference committee meeting on H Sub. for SB 157 will meet on Wednesday, February 2, at 4:30 p.m. in Room 522-S.

### SB 573--ELECTRONIC FILING OF TAX RETURNS

Mark Burghart, General Counsel, Department of Revenue, spoke in explanation and support of **SB 573. (Attachment 1)** He said this bill allows businesses to file various business tax returns by electronic means; and it authorizes the Department of Revenue to accept electronic signatures from taxpayers. This past year individuals have been able to file tax returns electronically and about 67,000 taxpayers filed this way last year. They are projecting 120,000 electronic returns will be filed for 1993. **SB 573** would expand the ability to file electronic returns to the various business taxes administered by the Director of Taxation. Electronic returns are processed quicker, they reduce the number of paper returns and substantially reduce the errors associated with the processing of paper returns. **SB 573** also would allow taxpayers to provide signatures by electronic means. That signature may be provided by electronic voice print, electronic pen or in digitized format. It streamlines the system in conjunction with the IRS.

Questions were asked about the fiscal note and Mr. Burghart replied there would be no cost to the state. He said the preparer of tax statements would have to pay to have the equipment to file electronically but this is not mandatory. He also said the cost to the department is reduced from about \$4.00 to \$1.25 if returns are filed electronically.

**Senator Martin moved to pass favorably SB 573. The motion was seconded by Senator Feleciano. The motion carried.**

### SB 543--EXEMPTING PROPERTY TAX LEVIES FOR PUBLIC SAFETY FROM AGGREGATE TAX LEVY LIMITATIONS

The committee held discussion regarding **SB 543**. Members felt sympathy for law enforcement agencies, but felt that the county or city commissions have the ability to charter out from the tax lid. Other members expressed the view that the commission may not be as sympathetic with law enforcement and the sheriffs who appeared before the committee yesterday do not have the authority or ability to charter out. The tax lid

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:10 a.m. on February 1, 1994.

exempts expenses for district court operations. Why is it any different than law enforcement? Why not respond to law enforcement? Crime is the big issue today. Others stated there should be some type of restriction such as the tax lid.

**Senator Bond moved to pass favorably SB 543. The motion was seconded by Senator Reynolds. The motion failed on a tie vote.**

The meeting adjourned at 11:40 a.m.

The next meeting is scheduled for February 2, 1994.

STATE OF KANSAS

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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: February 1, 1994

RE: S.B. 573 - Electronic Returns

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Thank you for the opportunity to appear in support of S.B. 573. The bill has two purposes: (1) it allows businesses to file various business tax returns by electronic means; (2) it authorizes the Department of Revenue to accept electronic signatures from taxpayers. Both aspects of the bill are discussed in more detail below.

**Electronic Business Tax Returns**

Individual income taxpayers have had the option to file their individual income tax returns by electronic means for several years. Approximately 1,200,000 individual income tax returns are filed in Kansas every year. During tax year 1992, 67,000 electronic returns were filed in Kansas. It is anticipated that 120,000 electronic returns will be filed for tax years 1993 based on current filing patterns.

The Kansas electronic filing project is conducted in conjunction with a comparable federal electronic filing initiative promoted by the Internal Revenue Service. Twenty-five states participate in the federal-state project.

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Few restrictions exist regarding the filing of electronic returns. Returns may be filed as follows:

1. refund returns;
2. direct deposit of refunds;
3. balance due returns;
4. file now - pay by April 15 for balance due returns; and
5. returns filed under extension (August 15).

S.B. 573 would expand the ability to file electronic returns to the various business taxes administered by the Director of Taxation. Taxes included in the bill are: corporate income tax, withholding tax, retailers' sales tax, compensating use tax, liquor excise tax, liquor enforcement tax and the mineral severance tax. The Multistate Tax Commission and the Federation of Tax Administrators are attempting to establish a nationwide electronic tax-filing network that may be used by all states when accepting electronic returns. This effort is designed to assist businesses which have filing responsibilities in numerous states. Electronic returns are processed quicker, reduce the number of paper returns and substantially reduce the errors associated with the processing of paper returns.

#### Electronic Signature

Although taxpayers may file their individual income tax returns electronically, a signature card is still required to be provided by the taxpayer. Technology has advanced to the point where a taxpayer's signature may also be provided electronically. That signature may be provided by electronic voice print, electronic pen or in digitized format. S.B. 573 recognizes this new technology and authorizes the Director to accept such electronic signatures.

On behalf of the Department, I urge your favorable consideration of S.B. 573. I would be happy to respond to any questions you might have.