

Approved: March 7, 2011

Date

## MINUTES OF THE SENATE ASSESSMENT & TAXATION COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 10:34 a.m. on February 21, 2011, in Room 152-S of the Capitol.

All members were present except:

Chairman Les Donovan – excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes  
Scott Wells, Office of the Revisor of Statutes  
Chris Courtwright, Kansas Legislative Research Department  
Michael Wales, Kansas Legislative Research Department  
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Ron Estes, Kansas State Treasurer  
Sen. Garrett Love  
Rep. Terry Calloway

Others attending:

See attached list.

Vice-Chairman Pat Apple opened the meeting with the announcement that tomorrow the committee will have hearings on **SB 177 – Statute of limitations increased for taxpayers claiming certain refunds and credits** and **SB 212 – Annual report by secretary of revenue of abatements of tax liability**

The Vice-Chairman then opened the hearing on **SB 116 - Unclaimed property; disclosure of tax information to the state treasurer**. Sen. Love explained the bill. Treasurer Ron Estes spoke in favor of this bill, explaining it would allow the Dept. of Revenue to securely share limited data with the Treasurer's office. The unclaimed property division of the Treasurer's Office would be allowed to match the social Security number attached to unclaimed property against income tax filings to obtain a current address. Having that information, the office would be able to contact owners of unclaimed property. (Attachment 1) Seeing no one else to speak about this bill, Vice-Chairman Apple closed this hearing.

The next order of business was **SB 193 - Requiring social security numbers in support of claims for food sales tax refunds**. Vice-Chairman Apple opened the hearing and recognized Sen. Love, who spoke in favor of this bill. This bill is needed in order to verify that the number of dependents claimed for food sales tax refunds is valid, and to eliminate the possibility of fraud. (Attachment 2) Written testimony was given by Rep. Terry Calloway, supporting this bill. (Attachment 3) Discussion was held. Seeing no one else present wishing to testify on this bill, Vice-Chairman Apple closed this hearing.

The committee turned its attention to **SB 198 - Creating rural opportunity zones**. Richard Cram, Department of Revenue, gave a brief explanation of the bill. A technical amendment was presented to clarify the bill and was explained. Sen. Lynn moved acceptance of the amendment. Sen. Bruce seconded the motion. Motion carried. Sen. King had another amendment to submit regarding addition of Cloud, Commanche, Elk, Mitchell, and Wilson to the bill. He would also add Stafford County to that list. The fiscal note would be very slight. Discussion was held. Sen. Lynn moved the amendment be adopted. Sen. Love seconded. There were two no votes; the motion carried. Sen. King had another amendment needed for the bill, but it is not available in writing. He would propose in Section 2, 282, and 3c1 to change language regarding returning to live in Kansas. The stipulation of having no annual income from a Kansas source in past 5 years would be changed to income of less than \$10,000.00 per year from a Kansas source. This would also be applicable to student loans. Sen. King said he trusts the revisors to write the amendment for this request. Sen. King moved the amendment; Sen. Lynn seconded the motion. Motion carried. Back on the bill, Sen. Pyle wants a way to get a percentage of funds back if someone leaves after the fifth year of paying no tax (a callback provision). This would prevent people benefiting from this sort of bill and leaving at the end of the five years. Sen. King moved SB 198 be passed as amended. Sen. Lynn seconded. The motion carried. Sen. Hensley was recognized to speak. He said he feels this bill has a great deal of merit, but problems may come up.

Vice-Chairman Apple opened discussion on **SB 1 - concerning consumer transactions; relating to the**

## CONTINUATION SHEET

The minutes of the Senate Assessment & Taxation Committee at 10:30 a.m. on February 21, 2011, in Room 152-S of the Capitol.

**Kansas retailers'; sales tax act; requiring the cumulative rate to be printed on electronically printed sales receipts.** A proposed amendment to this bill was distributed to the committee. Chris Courtwright explained the amendment states that any retailer who is not able to comply with the bill can apply for a waiver from the Secretary of State's office, and continue to display a sign with the tax information. After much discussion, Sen. King made a substitute to make a change in the Balloon amendment to say the sales tax information can either be included on the receipt or on a sign. Sen. Lynn seconded the motion. The motion carried. Sen. Holland made an amendment that if the merchant has a machine that will put the information on the receipt, it should be used; if not, use a sign. Sen. King opposed the amendment. The motion failed. On the bill, Sen. Hensley moved to adopt the bill as amended and move it out of committee. Sen. Holland seconded the motion. Motion carried.

Vice-Chairman Apple brought up **SB 59 - Interest rate charged; delinquent or unpaid tax and overpayment of taxes.** It has a technical amendment to add. Chris Courtwright Kansas Legislative Research Department distributed the amendment to the committee. Sen. Hensley moved the adoption of the amendment. Sen. Holland seconded it. The motion carried. Discussion followed. Sen King had an amendment. As the bill was originally written, the taxpayer has to pay a higher amount to the county than would be paid by the county to the tax payer if there were a clerical error causing the county to owe the tax payer. The bill should make sure those charges are the same rate. Sen. King moved his amendment. Sen. Lynn seconded. There was discussion. Sen Holland asked if the City of Topeka had seen this. Whitney Dameron told the committee the city was fine with this. Vice-Chairman Apple asked for a vote on the amendment. Sen. Love moved the amendment. Sen. Lynn seconded. The motion carried. Sen. Lynn made the motion to move SB 59 out of committee as amended. Seconded by Sen Hensley. Motion carried.

The Vice Chairman said there is only one more bill on the agenda today: **SB 61 - Increasing income tax credit for contributions made by program contributors under the individual development account program.** Vice-Chairman Apple asked what the committee's desire was for this bill. Sen. Bruce moved the bill be passed out of committee as amended. Sen. Lynn seconded the motion. Motion carried.

Vice-Chairman Apple closed today's meeting.

The next meeting is scheduled for February 22, 2011.

The meeting was adjourned at 12:00 p.m.

# SENATE

## Assessment & Taxation Committee

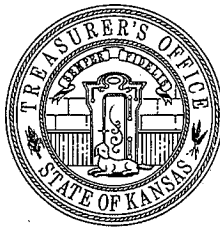
### GUEST LIST

DATE: 2-21-11

NAME	REPRESENTING
Whitney Jamison	City of Topeka
Sean Tomp	Director of The Budget
Bud Burke	Cassara
Ron Estes and Family:	St. Treasurer
Dusan, Brent, Laura & Trace Estes	Guests
Derek Kuehl	St. Treasurer
Pete Rauthier	Hein Law Firm
Colon Curtis	Sandstone Group
Rita Mohr	St Treasurer
Scott Gates	State Treasurer
Tom Palace	AMCA of KS
Ashley Shuard	Lexia Chamber
Natalie Brufiz	KSCPA
Jim Maag	Spirit AeroSystems
Matthew Kelso	Kansas 4-H
Sandy Braden	GRA
Julia Shields	Kansas 4-H
Natalie McCracken	Johnson County 4-H
Katie Connor	KANSAS 4-H

DATE: 2-21-11

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**Ron Estes**  
KANSAS STATE TREASURER

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**Senate Assessment and Taxation Committee**

**February 21<sup>st</sup>, 2011**

Mr. Chairman and members of the committee thank you for giving me the opportunity to provide testimony today in favor of Senate Bill 116.

This bill allows me to follow through on one of my campaign goals for the State Treasurer's office which was to find ways to carry out our responsibilities more efficiently. S.B. 116 would help us be more efficient by allowing the Department of Revenue to securely share limited data with us.

In our unclaimed property division, holders of lost bank accounts, paychecks, oil and gas royalties, and numerous other items are required to deliver this property to our office with information identifying the owner. We have a statutory duty to try to find the owners to reunite them with their property. We use many tools to find people including paid search services and matching our data against the lists of organizations that have asked us to contact their members.

Thirty six percent of our properties have the owner's social security number reported to by the holder. This bill would allow us to match that number against income tax filings to obtain a current address. We would not be able to acquire social security numbers, date of birth, or any other identifying information other than addresses.

This proposal passed both the House and Senate last year in separate bills, but it was not included in a conference committee bill at the end of the session. Senate Bill 479 passed unanimously. Senate Substitute for HB 2521 passed the House and included similar language which allowed for information sharing.

The Department of Revenue supports this proposal. While the Secretary of Revenue and I understand the privacy concerns addressed by the current laws, this information will remain safeguarded within the current system and the privacy of the information will be assured since this bill will only allow access to a valid mailing address and not other tax payer information. We believe that Kansans would want government agencies to work together to return their lost property to them.

I'd be glad to answer any questions that you may have.

Sn. Assmnt & Tax

2-21-11

Attachment # 1

# State of Kansas

## Senate Chamber

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TOPEKA, KANSAS 66612  
(785) 296-7359  
garrett.love@senate.ks.gov



GARRETT LOVE  
SENATOR, 38TH DISTRICT

### Testimony before the

### Senate Assessment & Taxation Committee

### Regarding SB 193 on February 21, 2011

Vice-Chairman Apple, Members of the Committee:

Thank you for the opportunity to testify in support of SB 193 this morning. This bill will take a huge step forward in limiting fraud, waste & abuse in one of the Kansas Department of Revenue programs which disburses over \$50 million of Kansas taxpayers' money to Kansans all across the state.

This is a very simple bill. It requires a valid social security number for anyone filing to receive this refund along with every household member and/or dependent they also receive a refund for. The intent is to create more accountability within this program.

In discussing this program with Kansas Department of Revenue (KDOR) staff, we recognized a concern that there were many individuals who were filing their return and claiming a high number of dependents without having to verify any of the dependents actually existed. The KDOR staff recognized there was a certainly a possibility of fraud, but were powerless to do anything about it.

Our state's tax system relies heavily on a department which has the responsibility of cross-checking the state return with the filer's federal tax returns. State tax forms do not require any information to verify any dependents the filer is claiming. In the majority of instances where the one filing the state form is also filing a federal return, the KDOR in the next 1-2 years is able to verify whether or not the filer's numbers align. In the instances where the filer is only filing a state tax return (and not filing a federal return), there is NO way to verify if the number of dependents claimed by the filer is valid.

I ask for your support of SB 193.

Garrett Love  
State Senator, 38<sup>th</sup> District

Sn. Assmnt & Tax  
2-21-11

Attachment # 2

STATE OF KANSAS  
HOUSE OF REPRESENTATIVES

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COMMITTEE ASSIGNMENTS

EDUCATION  
HEALTH & HUMAN SERVICES  
TAXATION

TERRY CALLOWAY  
3RD DISTRICT

February 21, 2011

Memorandum

To: Members of the Senate Taxation Committee

Re: Support for SB 193

Mr. Chairman and Members of the Senate Taxation Committee:

The current system in place that provides low-income Kansas's families' rebates for food sales tax thru application on the state personal income tax return is flawed in that the applicant's credentials are unverifiable.

In recognizing this problem, SB 193 corrects the possibility for fraud by requiring Social Security numbers for the claimant and the claimant's dependents. Additionally each claimant would be required to provide supporting documentation regarding the claim of reasonable proof of age or disability.

Mr. Chairman, the concepts addressed in SB 193 represents an important change to inhibit or eliminate the possibility of fraud in application for the Food Sales Tax Refund. I support the flexibility of this legislation and respectfully ask the members of this committee join me in supporting the bill.