

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:08 a.m. on January 12, 2000, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Richard Kaplan, Kansas Association of Certified Development Companies  
Shirley Sicilian, Kansas Department of Revenue  
Tony Folsom, Kansas Board of Tax Appeals  
Shirley Moses, Division of Accounts and Reports

Others attending: See attached list.

Richard Kaplan, Kansas Association of Certified Development Companies, requested the introduction of a bill which would assist small Kansas businesses through a tax credit program. Mr. Kaplan explained that the 12 certified development companies in Kansas provide financial structuring and tax services to businesses utilizing state, local, SBA, and private funding sources for the start up and expansion of businesses. The proposed legislation would allow small business owners that receive SBA guaranteed loans to take a tax credit equal to the amount of the fees the borrower had to pay on the loan. The effect of the tax credit would increase the number of Kansas small business owners who receive assistance, thereby promoting job expansion and economic development in Kansas. Mr. Kaplan noted that the State of Oklahoma and the State of Missouri have passed similar measures. He believes that passage of this legislation in Kansas would allow Kansas to compete with surrounding states in providing an incentive to small business which use the SBA program.

Senator Steffes moved to introduce the bill, seconded by Senator Praeger. The motion carried.

Shirley Sicilian, Kansas Department of Revenue, requested the introduction of four bills. The first bill would provide taxpayer benefits and incentives for compliance. It would create a managed sales tax audit program, allow tax penalties to be phased in at 1 percent a month up to 24 percent, increase the estimated filing threshold from \$200 to \$350, allow relief from tax liability for an "innocent spouse," allow a credit for electronic filing, and clarify certain provisions of the withholding tax law. The second bill would shift the incidence of certain excise taxes to the consumer with regard to motor fuel and cigarette taxes on Native American lands. The third bill would allow a confidentiality exception for the gaming commission with regard to its statutory responsibility to perform background examinations on certain gaming employees and on manufacturers selling certain equipment to gaming industry firms in Kansas. The fourth bill concerns the Department's goal to encourage electronic filing of tax returns. It would shift the administration of the local intangibles tax which is currently filed with the state income tax, yet, cannot be filed electronically. (Attachment 1)

Senator Corbin moved to introduce all four bills, seconded by Senator Donovan. The motion carried.

Tony Folsom, Kansas Board of Tax Appeals (BOTA) requested the introduction of a bill relating to property taxation and concerning certain appeal processes and procedures. He explained that the provisions of the bill concern the publication of BOTA orders, single-family residential appeals, the authority for Small Claims to hear tax grievances, the clarification of who can appear on behalf of taxpayers and counties, and a waiver of the 60 day period to conduct small claims hearings. (Attachment 2)

Senator Lee moved to introduce the bill, seconded by Senator Hardenburger. The motion carried.

## CONTINUATION SHEET

### MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE Room 519-S, Statehouse, at 11:08 a.m. on January 12, 2000.

Shirley Moses, Director, Division of Accounts and Reports followed with a report regarding the cities and counties "Truth in Taxation" budgeting provision passed in the 1999 Legislative Session. Ms. Moses called the Committee's attention to a handout with attachments as follows:

- Attachment A, a photocopy of pertinent legislation;
- Attachment B, a copy of computation sheet developed by the municipal staff and distributed to governing bodies as part of the instructions to be used in their 2000 budget preparations;
- Attachment C, a county comparison of tax levies report sorted by 1999 actual to maximum variance percent prepared by Accounts and Reports; and
- Attachment D, a city comparison of tax levies report sorted by 1999 actual to maximum variance percent prepared by accounts and reports. (Attachment 3)

Ms. Moses discussed the computation sheet step by step, using Allen County as an example. She noted that the sheet needs to be adjusted to add the debt service for the current year back into the allowable levy. That will be included on next year's computation sheet. Ms. Moses went on to explain the data on the county and city comparison reports. She noted that the Division notified all local jurisdictions that needed a resolution that they would be allowed to explain in a few sentences why they went over the maximum allowable budget increase. The last page of Attachments C and D includes reasons given by counties and cities. Ms. Moses noted that the Division has not experienced any problems in administering the provisions of the legislation.

The meeting was adjourned at 11:50 a.m.

The next meeting is scheduled for January 13, 1999.