

SESSION OF 2015

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2109**

As Further Amended by Senate Committee on
Assessment and Taxation

Brief*

Senate Sub. for HB 2109, as further amended by the Senate Committee on Assessment and Taxation, would authorize a tax amnesty for penalties and interest relative to certain delinquent taxes provided such taxes are paid in full from September 1, 2015, to October 15, 2015. The amnesty would apply to privilege, income, estate, cigarette, tobacco products, liquor enforcement, liquor drink, severance, state sales, state use, local sales, and local use taxes. The amnesty would be limited to penalties and interest applied to liabilities associated with tax periods ending on or before December 31, 2013.

The amnesty would not apply to any matter for which, on or after September 1, 2015, taxpayers have received notices of assessment or for which an audit had previously been initiated. Any fraud or intentional misrepresentation in connection with an amnesty application would void the application and waiver of any penalties and interest.

Background

The original bill would have amended the Kansas Probate Code concerning transfer-on-death deeds. In a series of meetings beginning May 12, the Senate Assessment and Taxation Committee struck the original provisions of HB 2109, recommended a substitute bill be created, inserted

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

many of the other provisions described above and, on May 19, advanced the new substitute bill for further consideration, without recommendation.

The Senate Committee of the Whole, on May 27, amended the substitute bill to reduce the sales tax rate on food to 5.7 percent (the Senate Assessment and Taxation Committee version had set the food rate at 6.0 percent); to remove a number of proposed changes in the motor vehicle tax that had been included in the Senate Assessment and Taxation Committee version; to remove statutory disposition of revenue provisions that would have effectively produced an equivalent amount of receipts from the motor fuels tax increase for the State General Fund at the expense of the State Highway Fund; to clarify that the payroll tax credit only applies relative to persons employed in Kansas; to reduce the proposed cigarette tax increase to 18 cents per pack (had been 50 cents in the Senate Assessment and Taxation Committee version) while earmarking \$10.0 million of cigarette tax receipts for the newly created Tobacco Cessation Fund; and to make a minor technical amendment.

At a meeting at the rail on May 30, the Senate Committee on Assessment and Taxation amended the bill to remove provisions making changes to individual income tax laws, sales and compensating use tax provisions, motor fuel taxes, and taxes on cigarettes and tobacco products and recommended the bill favorably for passage containing only the tax amnesty provisions.

The Kansas Department of Revenue indicated the total amount of additional tax receipts collected as a result of the tax amnesty would be \$36.088 million, \$30.000 million of which would be deposited in the SGF, \$2.471 million of which would be deposited in the SHF, and \$3.618 million of which would be returned to local units levying sales and use taxes. The latest estimated disaggregation of the amnesty receipts by tax source is as follows:

(\$ in millions)

	<u>SGF</u>	<u>SHF</u>	<u>Local</u>	<u>Total</u>
Sales	\$ 10.000	\$ 2.059	\$ 3.015	\$ 15.073
Use	2.000	0.412	0.603	3.015
Individual Income	12.000	0.000	0.000	12.000
Corporate Income	5.000	0.000	0.000	5.000
Cigarette	0.500	0.000	0.000	.500
Liquor Enforcement	0.500	0.000	0.000	.500
TOTAL	<u>\$ 30.000</u>	<u>\$ 2.471</u>	<u>\$ 3.618</u>	<u>\$ 36.088</u>