

March 17, 2022

The Honorable Adam Smith, Chairperson  
House Committee on Taxation  
Statehouse, Room 346-S  
Topeka, Kansas 66612

Dear Representative Smith:

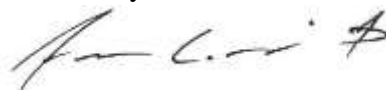
SUBJECT: Fiscal Note for HB 2738 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2738 is respectfully submitted to your committee.

Under current law, the revenue collected from a general countywide sales tax are distributed to the county and cities within that county according to an apportionment formula using property tax valuations and population. HB 2738 would allow all countywide sales taxes imposed by an election held on or after July 1, 2022, to be remitted to and retained by counties unless the board of county commissioners adopts a resolution at least 60 days prior to the election that the current apportionment formula would be used to distribute the county sales tax revenue. The ballot would be required to include a statement explaining whether the apportionment formula would be used to distribute the county sales tax revenue. The bill also would terminate the countywide sales tax in Atchison County for joint law enforcement communications and solid waste disposal on June 30, 2023.

The Department of Revenue indicates HB 2738 would have no fiscal effect on state sales tax revenue or its operations. The bill would sunset a sales tax in Atchison County and would give counties the options of dedicating a countywide sales tax for county purposes or applying the tax to the existing apportionment formula. The Kansas Association of Counties indicates the bill would allow for county flexibility in distributing revenue generated by the countywide sales tax for general purposes. The League of Kansas Municipalities indicates the bill has the potential to reduce countywide sales tax distributions to cities in future countywide sales tax elections. Countywide sales taxes are currently used in part to finance city governments.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Jay Hall, Association of Counties  
Lynn Robinson, Department of Revenue  
Wendi Stark, League of Municipalities