

SESSION OF 2022

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 180**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

SB 180, as amended, would create a sales tax exemption beginning January 1, 2023, for food and food ingredients, grooming and hygiene products, and household personal products purchased by Kansas resident veterans who have been honorably discharged and 100 percent disabled through military service.

Purchases for the benefit of such individuals or made on behalf of such individuals would also qualify for the exemption, which would be capped at \$35,000 of taxable sales per year per eligible person. Surviving spouses of eligible persons would continue to be eligible for the exemption until remarriage.

The bill would require individuals claiming the exemption to apply to the Secretary of Revenue for a veteran exemption identification number, which would be provided on a card the size of a driver's license upon the provision of information sufficient to establish the eligibility of the individual. The bill would require the exemption identification number or exemption card to be presented to retailers when claiming the exemption.

Upon request of the Secretary of Revenue, an eligible person would be required to provide a statement under oath that the total sales amounts have not exceeded the amount provided for by the bill. If the amount of exempt sales

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\*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>

exceeds the limit, the amount of excess sales tax would be considered a direct sales tax liability of the eligible individual.

## **Background**

The bill was introduced by Senators Peck, Bowers, Corson, Hilderbrand, Kloos, McGinn, Pittman, Steffen, and Thompson.

### ***Senate Committee on Assessment and Taxation***

In the Senate Committee hearing, **proponent** testimony was provided by Senator Peck and a representative of VFW Post 1186, stating the bill would make food and other products more affordable for disabled veterans.

No other testimony was provided.

The Senate Committee amended the bill to change the implementation date, allow surviving spouses to continue to receive the exemption, and to require the Department of Revenue to issue exemption certificates on cards the size of driver's licenses.

## **Fiscal Information**

According to the Department of Revenue, enactment of the bill would reduce state receipts by \$5.5 million in FY 2023, with \$4.6 million being reduced State General Fund (SGF) receipts and \$0.9 million being reduced State Highway Fund (SHF) receipts. Beginning in FY 2024, enactment of the bill would reduce SGF receipts by \$11.1 million and SHF receipts by \$2.2 million annually.

Additionally, the Department indicates enactment of the bill has the potential to put the State out of compliance with the Streamlined Sales and Use Tax Agreement, which could imperil \$60.4 million of annual state receipts.

Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; sales tax; exemption; disabled veterans