

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2033

As Amended by Senate Committee on
Assessment and Taxation

Brief*

HB 2033, as amended, would retroactively ratify the results of a 2017 election in Finney County seeking to increase that county's tax by 0.3 percent and would clarify the county has such rate authority. The tax imposed by the election would be for purposes of an interlocal agreement between the Finney County and the City of Garden City regarding certain infrastructure upgrades and would sunset after 15 years.

The bill would require the Director of Taxation (Director) to confirm all provisions of law applicable to the authorization of local sales taxes have been followed prior to causing collections to commence. Should the Director discover a city or county did not comply with the authorization law after collections have commenced, collections would cease until such error has been remedied.

The bill would be in effect upon publication in the *Kansas Register*.

*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>

Background

HB 2033

HB 2033, as introduced, would have provided additional local sales tax authority for Thomas, Jackson, Russell and Dickinson counties.

HB 2033 was introduced by Representative Adam Smith on January 15, 2019. In the House Committee on Taxation hearing on January 23, 2019, Representative Smith testified as a proponent of HB 2033. He spoke to Thomas County's need for a new consolidated Criminal Justice Center to house the Courts, the County Attorney, the Sheriff's Office, the jail, and the Colby Police Department. He noted that a November 2017 Thomas County election approved a one-half cent increase in sales tax and the bill would levy an additional one-fourth cent increase. Representatives from the Kansas Association of Realtors and Thomas County also testified as proponents. Representatives Averkamp and Waymaster and a representative of Dickinson County provided written-only proponent testimony. No neutral or opponent testimony was provided.

On January 24, the House Committee on Taxation amended the bill to include the provisions of HB 2040 relating to Finney County. [Note: The background of HB 2040 is included below.]

On February 7, the House Committee of the Whole adopted a technical amendment.

On March 20, the Senate Committee on Assessment and Taxation amended the bill to remove the provisions relating to the four counties in the original bill (leaving only Finney County) and inserted such provisions into HB 2160. The Senate Committee also amended the bill to include language regarding local sales tax authorization and the requirements of the Director.

HB 2040

HB 2040 was introduced by Representative Hineman on behalf of Garden City and Finney County on January 16, 2019. In the House Committee on Taxation hearing on January 23, 2019, representatives from Finney County, Garden City, and the Kansas Association of Counties testified as proponents of HB 2040. The representative from Finney County testified the bill would approve a November 2017 joint Finney County and Garden City election approving a 0.3 percent increase in sales tax for 15 years. The representative noted Finney County is the retail hub of Southwest Kansas. No neutral or opponent testimony was provided.

Fiscal Information

According to the fiscal notes prepared by the Division of the Budget on HB 2033 and HB 2040, as introduced, the Department of Revenue indicates both bills would only affect local sales tax collections and would have no effect on state revenues. Any administrative costs of implementing the bill would be negligible and could be absorbed within existing Department of Revenue resources. An updated fiscal note on HB 2033, as amended by the Senate Committee on Assessment and Taxation, was not immediately available.