

SESSION OF 2019

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2160**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

HB 2160, as amended, would make a number of changes to local sales tax authorization statutes and create a sales tax exemption for certain coins and bullion.

***Local Sales Tax Authority***

The bill would increase the maximum local sales tax rate that could be imposed by Thomas County from 1.50 percent to 1.75 percent, provided all taxes levied in excess of 1.00 percent remain earmarked for financing a courthouse, jail, law enforcement center, or other county administrative facility. Any specially earmarked tax imposed by the bill would be required to sunset when the project costs had been fully paid. An election would be required for an increase in the current Thomas County sales tax, which is 1.50 percent.

The bill would extend from five years to ten years the sunset on any 0.5 percent tax imposed by Russell County for economic development initiatives or public infrastructure projects.

The bill would renew existing sales tax authority for Jackson County to impose, subject to voter approval, a countywide sales tax of 0.4 percent to finance public infrastructure projects. As under continuing law, any such tax imposed would sunset after seven years.

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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>

The bill would allow Dickinson County to impose, subject to voter approval, a countywide sales tax of 0.5 percent to finance roadway construction and improvement. This authorization would require any such tax imposed to sunset after ten years, instead of five years as in current law.

The bill would extend the authority of Wabaunsee County to impose a 0.5 percent retail sales tax for an additional period not to exceed 15 years, subject to voter approval.

### ***Sales Tax Exemption***

The bill would provide a sales tax exemption for all sales of gold or silver coins and gold, silver, platinum, or palladium bullion.

### **Background**

The bill was introduced by the House Committee on Taxation at the request of Representative Highland on behalf of constituents.

In the House Committee hearing on February 13, 2019, Representative Highland testified as a proponent. Representatives from the Kansas Association of Counties and the Wabaunsee County Commission District 1 also testified as proponents, stating the current authority of Wabaunsee to impose the 0.5 percent additional retail sales tax would sunset in 2022 and the bill would authorize Wabaunsee County to hold an election extending the retail sales tax. No neutral or opponent testimony was provided.

The House Committee amended the bill to remove a provision authorizing Wabaunsee County to conduct subsequent elections to extend the 0.5 percent retail sales tax at intervals not exceeding 15 years.

The Senate Committee amended the bill to insert the contents of House Bill 2033, as amended by the House Committee of the Whole, except the provision concerning Finney County and to insert the provision concerning the sales tax exemption for coins and bullion.

On January 24, 2019, the House Committee on Taxation amended HB 2033 by inserting the contents of HB 2040 into HB 2033 and removing redundant sections. The following provides the backgrounds of both bills.

### ***HB 2033***

HB 2033 was introduced by Representative Adam Smith on January 15, 2019.

In a hearing before the House Committee on Taxation on January 23, 2019, Representative Adam 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 that the bill would levy an additional one-fourth cent increase. Representatives from the Kansas Association of Realtors and Thomas County also testified as proponents. Representative Averkamp, Representative Waymaster, and a representative of Dickinson County provided written-only proponent testimony. No neutral or opponent testimony was provided.

The House Committee of the Whole adopted a technical amendment to make changes to the bill's introductory clause.

## **HB 2040**

HB 2040 was introduced by Representative Hineman on the behalf of Garden City and Finney County on January 16, 2019.

In a hearing before the House Committee on Taxation 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.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue (Department) indicates the bill would affect local sales tax collections and would have no fiscal affect on state revenues. The Department also indicates costs associated with implementation of the bill could be absorbed within the Department's existing resources.

A revised fiscal note on the bill as amended by the Senate Committee indicated enactment of the bill would result in an annual reduction of state revenues of \$7,840, including \$6,574 from the State General Fund.