

SESSION OF 2006

**SUPPLEMENTAL NOTE ON
SENATE SUBSTITUTE FOR HOUSE SUBSTITUTE FOR
HOUSE SUBSTITUTE FOR HOUSE BILL NO. 2689**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Senate Sub. for House Sub. for House Sub. for HB 2689 would make a number of changes relating to expansion of local sales tax authority; and would enact two new sales tax exemptions.

Local Sales Tax Provisions

The bill would provide a number of counties with additional local sales tax authority and would clarify the disaggregation of revenue with respect to a local sales tax previously adopted in Phillips County. None of the new taxes could be imposed without voter approval.

Crawford County would be granted an additional 0.5 percent authority for economic development initiatives and public infrastructure projects. Any such tax imposed would be required to sunset after five years.

Reno County would be granted an additional authority of either 0.25 or 0.5 percent and Marion County would be granted additional authority of 1.5 percent for the construction or remodeling of a courthouse, jail, law enforcement center, or other county administrative facility. Any such tax imposed would be required to sunset when all costs incurred in the financing of the project had been paid.

Harvey County would be granted additional authority of 1.0 percent for property tax relief, infrastructure improvement, and economic development. Any such tax imposed would not be required to sunset.

Atchison County would be authorized to impose a local sales tax of 0.25 percent to finance the construction and maintenance of sports

*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>

and recreational facilities. Any such tax imposed would be required to sunset once all costs authorized in the financing of the facilities had been paid.

Saline County would be granted additional sales tax authority of 0.5 percent to finance the construction and operation of an expo center. Any such tax would require voter approval and would be required to sunset after five years.

The bill also would provide that Phillips County could retain prospectively the revenues from a 0.5 percent sales tax previously adopted by voters and no longer be required to share the monies with cities located in that county.

The City of Paola also would be authorized to impose a local sales tax of up to 0.75 percent to finance economic development initiatives, strategic planning initiatives or public infrastructure projects. Any such tax imposed would be required to sunset within 10 years.

Sales Tax Exemptions

The bill also would provide a sales tax exemption for property and services purchased by or on behalf of the Kansas Children's Service League for the purpose of providing for the prevention and treatment of child abuse and maltreatment as well as meeting additional critical needs for children, juveniles, and families.

The bill also would provide a sales tax exemption for indirect purchases made through contractors of property and services for a project relating to restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by certain nonprofit museums.

Background

The original bill dealt with Crawford County. The House Taxation Committee recommended that a substitute bill be created to also include additional sales tax authority sought by local officials from Reno, Marion, and Harvey counties.

The House Taxation Committee on March 22 added the provisions of HB 2983 regarding Johnson County and created a substitute bill for the substitute bill.

The House Committee of the Whole added the provision relating to Phillips County.

The Senate Assessment and Taxation Committee on May 1 deleted a provision relating to new sales tax authority for Johnson County; added the provisions relating to new authority for Atchison (HB 2681) and Saline (SB 564) counties and the City of Paola (HB 2794); and added the sales tax exemption provisions (which had not previously existed in other legislation).

Based on the discussion in committee, those exemptions would be expected to reduce FY 2007 sales tax receipts by less than \$0.030 million.