

UPDATED
SESSION OF 2024

SUPPLEMENTAL NOTE ON SENATE BILL NO. 41

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 41 would create a sales and use tax remittance credit for retailers in an amount equal to 1.5 percent of the amount of sales and use tax being remitted by the retailer, with a monthly cap of \$300 per retailer.

Retailers filing a consolidated return for sales and use tax prior to January 1, 2023, would be subject to the \$300 cap even if the retailer no longer files a consolidated return after that date.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of a representative of the Kansas Chamber.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing on January 26, 2023, **proponent** testimony was provided by representatives of Fuel True, Kansas Chamber, Kansas Restaurant and Hospitality Association, and National Federation of Independent Business-Kansas. The proponents generally stated the bill would compensate retailers for their work in collecting and remitting sales taxes to the state.

*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>

Written-only proponent testimony was provided by representatives of Hemslöjd, Inc.; Kansas Agribusiness Retailers Association; and Shawnee Chamber of Commerce.

Written-only neutral testimony was provided by a representative of the League of Kansas Municipalities.

No other testimony was provided.

On January 9, 2024, the bill was withdrawn from the Senate Calendar and rereferred to the Senate Committee on Assessment and Taxation.

Following discussion on January 24, 2024, the Senate Committee again recommended the bill be passed.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue indicates enactment of the bill would reduce sales and use tax collections by \$57.1 million per year. The Department indicates it is unclear whether the reduced revenue should be prorated between state and local revenue and from what the distribution of any state share of the reduced revenue should be. Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; sales tax; remittance credit