

SESSION OF 2011

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2117

As Amended by House Committee of the Whole

Brief*

HB 2117, as amended, would make several technical changes to the sales and use tax imposition statutes that would strike certain expired and never-utilized provisions, including language that authorizes an additional 2 percent tax to be levied within certain redevelopment districts. The bill also would authorize a diversion of employee withholding taxes away from the SGF directly to certain new small businesses.

The latter provision would allow most new small businesses, defined as those with 10 or fewer employees, to retain an amount equivalent to 95 percent of such employees' withholding taxes. All new small businesses commencing operations on or after July 1, 2011, would be eligible for the income tax diversion, except those with owners who had an interest in businesses of the same nature or character within the preceding year; and those determined by the Secretary of Revenue to have been formed for the purpose of tax avoidance.

Background

The original bill was designed to repeal defunct language in the sales tax imposition statutes.

The House Taxation Committee amended the bill to add the provision relating to the redevelopment districts. The House Taxation Committee version of the bill has no fiscal note.

*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 House Committee of the Whole amended the bill to add the withholding tax provision relative to the employees of new small businesses.

A fiscal note on the House Committee of the Whole amendment was not immediately available.