

Income and Excise Taxation; House Sub. for SB 149

House Sub. for SB 149 makes several changes in law related to income, sales, and electronic cigarette taxes.

The sunset for the angel investor tax credit program, which offers qualified investors transferable state income tax credits of 50 percent, is extended by 5 years, from tax year 2017 to tax year 2022.

Additional provisions create a new individual income tax checkoff program authorizing taxpayers to donate to local school districts of their choice. Donations can be made in an amount of \$10, \$25, \$50, or any another amount designated by taxpayers (including the entire amount of a given refund). Moneys donated are required to be treated as donations to school districts in accordance with KSA 72-8210 and be reported as gifts for purposes of the Kansas Uniform Financial and Reporting Act.

Another provision requires placement on the individual income tax form of a line for payment of sales tax on out-of-state and internet purchases where the tax was not previously paid (something the Department of Revenue already has been doing administratively for over a decade).

A cap on the amount of community improvement district sales taxes that the Department of Revenue may retain to help defray administrative costs is increased from \$60,000 to \$200,000.

The bill also provides a temporary sales tax exemption for the Gove County Healthcare Endowment Foundation, Inc., for the purpose of constructing and equipping an airport in Quinter, Kansas. Additional language clarifies this exemption also is extended to qualifying purchases made by any contractor hired for that project. The exemption sunsets on July 1, 2019.

An additional temporary sales tax exemption exempts all sales of tangible personal property and services purchased during calendar year 2016 necessary to construct, reconstruct, repair, or replace any fence damaged or destroyed by fire occurring during calendar year 2016. Sales tax refunds are available for such sales tax paid on and after January 1, 2016, but prior to the effective date of the bill if appropriate documentation necessary for such refund is provided by the taxpayer.

Finally, the effective date of a new tax enacted in 2015 on the privilege of selling or dealing electronic cigarettes is delayed from July 1, 2016, to January 1, 2017.