

SESSION OF 2018

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2492**

As Amended by Senate Committee of the Whole

**Brief\***

HB 2492, as amended, would make several changes relative to the local sales tax authority of Thomas, Russell, Jackson, and Dickinson counties; and would provide two new state and local sales tax exemptions.

***Local Sales Tax Provisions***

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 current law, any such tax imposed would be required to 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 under current law.

### ***Sales Tax Exemptions***

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

An exemption also would be provided for purchases by three non-profit hospice organizations (Midland Care Connection, Inc.; Harry Hynes Memorial Hospice, Inc.; and Hospice of the Prairie, Inc.) for the purpose of providing healthcare services to persons in their respective communities.

The bill would be in effect upon publication in the *Kansas Register*.

### **Background**

The original bill, which dealt only with Thomas County, was introduced at the request of Representative Adam Smith, who also appeared as a proponent at the hearing of the House Committee on Taxation on January 22. Written-only testimony in support of the bill from the chairperson of the Thomas County Commission explained that an election to increase the sales tax from 1.00 percent to 1.50 percent to finance a new consolidated criminal justice center was approved in November 2017, but bids for the project had come in \$4.0 million greater than the original projected cost. The testimony further stated, if HB 2492 were to be enacted, the county commission would place before voters a subsequent ballot question for an additional 0.25 percent increase. No opponent testimony was presented.

On January 24, 2018, the House Committee on Taxation amended the bill to advance the effective date from publication in the statute book to publication in the *Kansas Register*.

On February 8, 2018, the House Committee of the Whole amended the bill to include the Russell County provision.

On March 22, 2018, the Senate Committee on Assessment and Taxation amended the bill to incorporate the provisions from HB 2749 relating to Jackson and Dickinson counties. On March 16, HB 2749 was approved by the House of Representatives on a vote of 108-10.

On March 29, 2018, the Senate Committee of the Whole amended the bill to incorporate the provisions of SB 437 as amended by the Senate Committee on Assessment and Taxation; and Senate Sub. for HB 2408 as recommended by the Senate Committee on Assessment and Taxation.

Although an updated fiscal note on the Senate Committee of the Whole version of the bill was not immediately available, the Department of Revenue had indicated that the fiscal impact of the hospice sales tax exemption language would be expected to reduce state sales tax receipts by slightly more than \$1.0 million; and that the exemption of gold and silver coins and palladium, platinum, gold, and silver bullion would be expected to reduce receipts by \$7,840.