

SESSION OF 2016

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SENATE BILL NO. 63**

As Recommended by House Committee on
Taxation

Brief*

House Sub. for SB 63 would make several changes in law relating to sales and electronic cigarette taxes.

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

The bill also would provide 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 would clarify that this exemption also would be extended to qualifying purchases made by any contractor hired for that project. The exemption would sunset on July 1, 2019.

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

Background

As approved by the Senate during the 2015 Session, the bill concerned the authority of municipalities levying special assessments on property acquired by a land bank. The House Taxation Committee, on March 17, 2016, deleted

*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 prior contents of the bill, recommended a substitute bill be created, and inserted the sales and electronic cigarette tax provisions.

The Department of Revenue indicated the new sales tax exemption would be expected to reduce FY 2017 state sales tax receipts by \$0.105 million. Of this amount, \$0.088 million would be attributable to reduced receipts to the State General Fund (SGF); and \$0.017 million would be attributable to reduced receipts to the State Highway Fund.

The deceleration of the electronic cigarette tax effective date would reduce FY 2017 SGF receipts by an additional \$1.000 million.