

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2033

As Amended by House Committee on Taxation

Brief*

HB 2033, as amended, would make a number of changes to local sales tax authorization statutes.

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 sunset after seven years.

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 as in current law.

*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>

Additional language in the bill would retroactively ratify the results of a 2017 election in Finney County seeking to increase that county's tax by 0.3 percent and would clarify the county has such rate authority. The tax imposed by the election would be for purposes of an interlocal agreement between the county and Garden City regarding certain infrastructure upgrades and would sunset after 15 years.

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

Background

On January 24, 2019, the House Committee on Taxation amended HB 2033 by inserting the contents of HB 2040 into HB 2033 and removing redundant sections. The following provides the backgrounds of both bills.

HB 2033

HB 2033 was introduced by Representative Adam Smith on January 15, 2019.

In a hearing before the House Committee on Taxation on January 23, 2019, Representative Smith testified as a proponent of HB 2033. He spoke to Thomas County's need for a new consolidated Criminal Justice Center to house the Courts, the County Attorney, the Sheriff's Office, the jail, and the Colby Police Department. He noted that a November 2017 Thomas County election approved a one-half cent increase in sales tax and that the bill would levy an additional one-fourth cent increase. Representatives from the Kansas Association of Realtors and Thomas County also testified as proponents. Representative Awerkamp, Representative Waymaster, and a representative of Dickinson County provided written-only proponent testimony. No neutral or opponent testimony was provided.

HB 2040

HB 2040 was introduced by Representative Hineman on the behalf of Garden City and Finney County on January 16, 2019.

In a hearing before the House Committee on Taxation on January 23, 2019, representatives from Finney County, Garden City, and the Kansas Association of Counties testified as proponents of HB 2040. The representative from Finney County testified the bill would approve a November 2017 joint Finney County and Garden City election approving a 0.3 percent increase in sales tax for 15 years. The representative noted Finney County is the retail hub of southwest Kansas. No neutral or opponent testimony was provided.

The fiscal notes on the original versions of HB 2033 and HB 2040 prepared by the Division of the Budget indicate both bills would only affect local sales tax collections and would have no effect on state revenues. Any administrative costs of implementing the bill would be negligible and could be absorbed within existing resources within the Department of Revenue.