

SESSION OF 1998

EXPLANATORY NOTE ON HOUSE BILL NO. 2584

As Amended by Conference Committee

Brief*

H.B. 2584 relates to countywide and city retailers' sales taxes. First, a special distribution formula applicable to the Geary County sales tax would be eliminated. Under current law, that distribution is based in part on population, exclusive of persons residing at Fort Riley. Following elimination of this provision, the distribution would be based on total tangible property tax levies.

Sherman County would be authorized to levy an additional county sales tax at the rate of 0.25, 0.50, or 0.75 percent, for the purpose of reconstructing and improving County Roads 64 and 65. The tax would expire upon payment of all such costs.

Dickinson County would be authorized to levy an additional 0.5 percent for five years for roadway construction and improvement.

Any city in Johnson County would be authorized to levy an additional 0.125 percent for public infrastructure projects.

A new class of city would be created, consisting of cities which have imposed a tax for health care. The authority for Rossville to levy for a flood control project would be repealed. That authority has expired.

Ford County would be authorized to levy a tax for construction or remodeling of a jail, law enforcement center facility, or other county administrative facility. The tax would expire when sales tax sufficient to pay all the costs has been collected. Ford County's rate could be up to 1.5 percent.

K.S.A. 79-3606(kk) would be amended to provide sales tax exemptions for components of certain machines contributing to the manufacturing process, regardless of whether such

*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.ink.org/public/legislative/fulltext-bill.html>.

components are "major" or not. The exemption for manufacturing machinery and equipment would be further expanded by including repair and replacement parts and accessories.

Another provision would amend K.S.A. 79-3230 to require income taxpayers to report adjustments to income made by other state tax agencies. (Current law requires such adjustments to be reported only when they have been made by the IRS.)

The bill would amend K.S.A. 1997 Supp. 19-101a to prohibit counties from levying a severance tax and nullifying any resolution imposing such a tax already adopted by a county.

K.S.A. 79-2101 would be amended to change the way that delinquent personal property taxes are collected. County treasurers would be authorized to mail delinquent personal property tax notices earlier than under current law. The notices would be sent by January 1 rather than February 16 for taxes not paid by December 20, and by July 10 rather than between July 10 and 15 for payments due June 20. Delinquent personal property tax warrants would be issued 14 days after mailing the notices, rather than 30 days as under current law. Address information for the warrants would be taken from the county treasurer's records. The costs of executing the warrant would be added to the amount of the warrant. For oil and gas properties, the sheriff would not be required to return the warrants prior to 24 months after issuance. The county treasurer would be authorized to mail delinquent tax notices to purchasers of oil and gas from leases with delinquent taxes instead of the sheriff.

Also, K.S.A. 19-101a would be amended to prohibit counties from making charter amendments to K.S.A. 79-2017 or 79-2101. Charter resolutions which already have been adopted to amend these statutes would be voided.

Other amendments are technical in nature.

Background

The current special distribution provision for the Geary County sales tax was enacted in the early 1980s as a result of a dispute between Junction City and Geary County. Officials of both local units of government now support its elimination, which would restore the distribution formula applicable to most other countywide sales taxes.

The Senate Committee on Assessment and Taxation amended the bill to incorporate the provisions of S.B. 493, as passed by the Senate, which related to Sherman County, Dickinson County, Overland Park, and cities which impose taxes for health care.

County Roads 64 and 65 in Sherman County formerly were U.S. Highway 24, which was abandoned in the 1970s upon completion of Interstate 70. Sherman County assumed responsibility for the maintenance at that time. The roads are 34 miles long and have deteriorated, requiring extensive maintenance work. Sherman County already imposes a county sales tax at the rate of 1.25 percent and lacks authority to impose additional tax for this purpose. If the bill passes, the county attorney expressed the county's intent to submit the question to the voters of Sherman County at the August primary election.

Recently, the Kansas Court of Appeals opined that the city sales tax statutes are nonuniform and thus the statute is subject to amendment by charter ordinance. The amendment relating to cities which have imposed a tax for health care is intended to cure the nonuniformity. Three cities: Neodesha, Wamego, and Wellington, have imposed a city sales tax for this purpose. Rossville's authority to levy for flood control was not used and has expired.

The Senate Committee of the Whole amended the bill by inserting the provisions relating to Ford County, to cities in Johnson County (striking a reference to Overland Park), and to the authority of a unified government to expand an enterprise zone.

Elections are required prior to the imposition of or increase in any local sales tax.

The Conference Committee struck a provision relating to expansion of an enterprise zone by a unified government and

added the amendments to K.S.A. 79-3606(kk); added the provisions of S.B. 602 and S.B. 108; and added the amendment to K.S.A. 79-3230 which had been part of S.B. 44.

According to the Department of Revenue, the state sales tax amendments would reduce FY 1999 receipts by about \$1.5 million—\$1.42 million for the State General Fund and \$0.08 million for the State Highway Fund.