

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 291

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 291 would impose a tax on certain sexually oriented businesses, as follows:

- On sexually explicit businesses, 10 percent of amounts generated from admission or user fees, retail sale of tangible personal property, sale of food or beverages, and any service. "Sexually explicit business" is defined in the bill as one at which any nude or partially denuded individual (whether employee or contractor) performs any service personally on the premises of the business during at least 30 days in a calendar year for any of a number of payment types.
- On an escort service, 10 percent of amounts generated for any transaction that involves providing an escort to another individual. "Escort" and "escort service" are defined in the bill, both relating to the provision of individuals available to the public for the purpose of accompanying another individual for companionship and payment.
- On an adult bookstore or adult video store, 10 percent of amounts paid for items purchased from or services provided. "Adult bookstore" and "adult video store" are defined in the bill as establishments offering for sale or rent any book, video, film or other medium which in the aggregate constitute substantially all of the store's stock or inventory which depicts sexual conduct.

*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 Kansas Department of Revenue (KDOR) Director of Taxation would be required to administer the act. The Secretary of Revenue would be required to adopt rules and regulations to administer it.

The bill also would create the Sexually Explicit Business Fund, wherein all revenues generated by the taxes created in the bill would be deposited. The Fund would be divided into three accounts, into which a percentage of revenues would be deposited, as follows:

- The sex offender treatment account - 40 percent, which must be used by the Department of Corrections (KDOC) in addition to existing budgets to provide programs and treatment to persons in KDOC's custody who have been convicted of a sex offense, with particular emphasis to programs and treatment of those on postrelease supervision.
- The victims of sex offense treatment account - 40 percent, which must be used, in addition to existing budgets, to provide programs and treatment for victims of sex offenses; and
- The protection of children from internet sex offenders account - 20 percent, which must be used by the Attorney General, in addition to existing budgets, to investigate and prosecute those who use the internet to commit sex offenses against children.

Background

Senator Pat Apple testified in support of the bill. His testimony referenced a final report to the 2006 Legislature by the Special Committee on Assessment and Taxation, in which the subject was studied. Also testifying in favor of the bill was Phillip Cosby, Executive Director of the Kansas City Office of the National Coalition for the Protection of Children and Families. No opponents testified.

According to the fiscal note, revenues would be expected in increase by approximately \$917,000 in FY 2008. Additional FY 2008 costs of approximately \$778,500 to the KDOR to administer the bill are also estimated.