

SESSION OF 2007

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR SENATE BILL NO. 375**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Sub. for SB 375 would expand local sales tax authority for a number of counties; would authorize Johnson County to establish the Johnson County Education Research Triangle Authority (JCERTA) and to levy special sales and property taxes associated therewith; and would clarify the state and local sales tax exemption for farm machinery and equipment.

County Sales Tax Authority

The bill would grant Franklin, Miami, and Linn counties with additional sales tax authority of up to 1.0 percent for the construction or remodeling of courthouses, jails, law enforcement facilities, or other county administrative facilities. Any such tax imposed would be required to sunset when the financing costs had been paid. Voter approval would be required prior to imposition of any such tax, and the counties would not be required to share the money with cities.

The bill also would grant Johnson County additional local sales tax authority of 0.25 percent to finance the construction costs of certain public safety projects. Any such tax imposed would be required to sunset in 10 years or less but could be extended for additional periods of 10 years or less. Voter approval would be required prior to the imposition or extension of any such tax, and the county would be required to share the money with cities based on the current statutory distribution formula for Johnson County sales taxes.

*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>

JCERTA

Additional sections of the bill would enact the Johnson County Education Research Triangle Authority Act. The Johnson County Commission would be required to determine within two years whether to submit to voters the question of creating the JCERTA and imposing a sales tax of up to 0.2 percent; a property tax of up to 2 mills; or both, provided the combination did not exceed the lesser of 0.2 percent sales tax or 2 mills property tax in projected revenue terms. If voters were to adopt such a proposal creating JCERTA, the board of directors would consist of seven voting members, all of whom would be required to be elected officials of Johnson County. The seven members would be appointed as follows: one each by the Governor, the Kansas Board of Regents, the Johnson County Community College Board of Trustees, the Johnson County Commission, and the president of Kansas State University; and two by the chancellor of the University of Kansas.

The JCERTA would be required to remit funds in equal shares for the Edwards Campus of the University of Kansas; the Johnson County location for Kansas State University; and the University of Kansas Medical Center's Johnson County locations. The funds would be required to be spent for building construction, academic and research program development and growth, faculty and staff recruitment and retention, and operations and maintenance in support of both undergraduate and graduate programs at the Edwards Campus; animal health and food safety and security research and education programs at the Johnson County Kansas State location; and medical education and life sciences and cancer research programs at the Johnson County locations of the Medical Center.

No more than 2 percent of taxes collected could be used for administrative expenses of JCERTA or its board of directors.

Additional language would clarify that the Kansas Board of Regents would remain responsible for the governance of all

institutions receiving JCERTA funding, including approval and regulation of academic programs.

Other provisions would clarify that the new sales tax authority granted to Johnson County for JCERTA purposes would not enable other counties to utilize home-rule powers to avail themselves of similar authority; and that any new tax imposed would be required to conform to certain timing requirements associated with other local sales taxes.

Taxation of Farm Machinery and Equipment

Additional language in the bill would clarify the sales tax exemption for farm machinery and equipment to provide that the exemption includes precision farming equipment that is portable or is installed or purchased to be installed on farm machinery and equipment. "Precision farming equipment" would be defined to include certain specific items used only in computer-assisted farming, ranching or aquaculture production operations.

Background

The original bill dealt with the JCERTA provisions. The Senate Committee amended the bill to include the additional county sales tax authority provisions; and the language relating to the taxation of precision farming equipment.

The bill would not be expected to have any significant fiscal impact for the state.