

SUPPLEMENTAL NOTE ON SENATE BILL NO. 592

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 592, as amended, would enact a number of new sales tax exemptions, most of which would be extended to certain groups organized as not-for-profit entities pursuant to Section 501(c)(3) of the federal Internal Revenue Code. Exemptions would be provided for:

- Purchases by The Mirror, Inc., used for providing substance abuse treatment, including certain indirect purchases made by contractors relative to constructing, maintaining, repairing, enlarging, furnishing, or remodeling the facilities of such group;
- Entry or participation fees, charges or tickets by Guadalupe Health Foundation for such group's annual fund-raising event for the purpose of providing health care services for uninsured workers;
- Certain sales by or on behalf of the Steve King Foundation to provide assistance to dirt track race car drivers, pit crew members, track officials and their families who are seriously ill, injured or killed, as well as sales by or on behalf of such foundation to obtain and maintain certain safety equipment;
- Certain purchases made by or on behalf of Community Services of Shawnee, Inc. For construction of facilities to provide food and clothing to the needy;

*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>

- Purchases by or on behalf of educational foundations for the purpose of providing support for educational programs and services offered by public or private elementary or secondary schools, as well as all sales by or on behalf of such foundations for such purposes;
- Purchases by Kansas Legal Services, Inc., for the provision of legal, mediation, and employment training services to low-income individuals and families;
- Purchases by or on behalf of Wayside Waifs, Inc., relative to an annual fund-raising event to support the care of homeless and abandoned animals, animal adoption efforts, education programs for children, efforts to reduce animal over-population, and animal welfare services, as well as all sales by or on behalf of such group (including entry or participation fees or charges);
- Purchases by or on behalf of Kansas CASA Association, Inc., and its member programs, to support and promote the growth, development, and continuation of local CASA programs providing advocacy services on behalf of children and youth involved in the court system, as well as all sales by or on behalf of such organizations for such purposes;
- Purchases by or on behalf of St. Francis Community Services, Inc.; St. Francis Community and Residential Services, Inc.; St. Francis Community and Family Services, Inc.; and St. Francis Community Outreach Services, Inc., (including for construction of facilities) to provide emergency care, shelter, and treatment for abused and neglected children and families and additional critical needs of children, juveniles and families, as well as all sales by or on behalf of such organizations for such purposes;
- Purchases by or on behalf of the East Central Kansas Economic Opportunity Corporation to focus public and

private resources to enable low-income families and individuals to attain certain skills, knowledge, attitudes, and motivations needed to become self-sufficient, as well as all sales by or on behalf of such organization for such purposes;

- Certain purchases, retroactive to January 1, 2007, by or on behalf of the Paola Senior Center (including for construction of facilities) to enhance the lives of older people, to help them remain active in community and civic affairs, and to continue to live independently in their homes, as well as all sales by or on behalf of such organization for such purposes;
- Purchases by Douglas County Senior Services, Inc., to plan, direct, contract, and organize services and create opportunities for residents who are age 60 and older to allow such residents to remain independent and active in their homes and communities, as well as all sales of such organization for such purpose;
- Sales of admissions or tickets to annual county fairs held by county fair associations to support the education and encouragement of improvement in agriculture and other activities of citizens of the county; and
- Purchases by contractors for the Capitol Improvement Project to construct, equip, furnish, renovate, reconstruct and repair the State Capitol, including labor services of subcontractors.

Background

The original bill dealt only with an exemption for The Mirror, Inc. The Senate Assessment and Taxation Committee amended the bill to incorporate certain provisions of other bills, including SB 446, SB 593, SB 602, SB 625, SB 631, SB 632, SB 633, and SB 635. Additional amendments were added relative to the exemptions for the Guadalupe Health

Foundation, the Steve King Foundation, and Community Services of Shawnee, Inc.

Based on the latest fiscal information available from the Department of Revenue as of March 5, the bill would be expected to have the following impact on receipts:

	(\$ in millions)	<u>FY 2009</u>
The Mirror		(\$0.050)
Guadalupe Health Foundation		(\$0.011)
Steve King Foundation		minimal
Shawnee Community Services		(\$0.056)
Educational foundations		(\$0.025)
Kansas Legal Services		(\$0.017)
Wayside Waifs		(\$0.008)
Kansas CASA Association		(\$0.030)
St. Francis Community Services		(\$0.175)
East Central Kansas Eco. Opp. Corp.		(\$0.014)
Paola Senior Center		(\$0.005)
Douglas Co. Senior Services		(\$0.025)
County Fair Associations		(\$0.055)
Capitol Restoration Project		(\$1.792)
Total Known Fiscal Note		(\$2.263)
Known SGF Impact		(\$1.985)
Known SHF Impact		(\$0.278)

The provision that would exempt the balance of the Capitol Restoration Project from state and local sales taxes would be expected to reduce expenditures for that project by \$2.355 million in FY 2009, based on an analysis conducted by the Department of Revenue.