

SESSION OF 2009

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2328

As Amended by House Committee of the Whole

Brief*

HB 2328 would provide beginning in 2011 a “back-to-school” sales tax exemption from the first Thursday through first Sunday in August for certain sales of clothing with a taxable value of \$300 or less; computer software with a taxable value of \$300 or less; school supplies not exceeding \$100 per purchase; and all personal computers or computer peripheral devices not exceeding \$2,000.

The Secretary of Revenue would be required to notify retailers of the exemption at least 60 days prior to the first day of the calendar quarter in which the exemption period applies.

The bill also would provide an exemption for purchases made by or on behalf of Kansas Wildscape Foundation, Inc. for providing management and administrative oversight of costs of construction and placement of cabins for lodging at Kansas state parks.

Background

A fiscal note provided by the Budget Division indicated that the House Taxation Committee version of the bill would be expected to reduce sales tax receipts to the State General Fund (SGF) and State Highway Fund (SHF) as follows:

*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>

(\$ in millions)

	Total	SGF	SHF
FY 2010	---	---	---
FY 2011	---	---	---
FY 2012	(\$5.900)	(\$5.176)	(\$0.724)
FY 2013	(\$6.000)	(\$5.264)	(\$0.736)
FY 2014	(\$6.100)	(\$5.352)	(\$0.748)
5-Year Total	(\$18.000)	(\$15.792)	(\$2.208)

The fiscal note also indicated that the Department would anticipate the need for an additional administrative costs in FY 2012 of approximately \$0.240 million. These costs are primarily associated with the preparation of a special booklet for distribution to retailers.

Proponents, who included Representative Peck, argued that back-to-school sales tax holidays are in place in at least 16 states; and that Kansas has been especially impacted by holidays already in place in Missouri and Oklahoma.

The original bill would have been effective in 2009. The House Taxation Committee amendment delayed implementation of the proposed exemptions until 2011.

The definitions provided in the bill are believed to be in compliance with the provisions of the multistate Streamlined Sales and Use Tax Agreement.

The House Committee of the Whole amended the bill to add the exemption for the Kansas Wildscape Foundation, a not-for-profit entity. The fiscal impact of that amendment was unknown as of March 24.