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LEGISLATURE *of* THE STATE *of* KANSAS
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MEMORANDUM

To: Senate Committee on Ways and Means
From: Office of Revisor of Statutes
Date: March 15, 2023
Subject: SB 309; Creating the fixing instant revenue shock for taxpayers fund and the local extraordinary needs fund, establishing the joint committee on local extraordinary needs grants and abolishing the local ad valorem tax reduction fund.

Senate Bill No. 309 creates the fixing instant revenue shock for taxpayers fund. The fund is administered by the state treasurer. The fund shall be for the purpose of restoring to cities and counties the local retailers' sales or compensating use tax revenue lost due to the enactment of legislation. The bill authorizes a transfer of \$220,000,000 from the state general fund (SGF) to the fund on July 1, 2023. When legislation is enacted into law that reduces a city's or county's local retailers' sales or compensating use tax revenue the director of taxation shall certify to the state treasurer the amount such revenue collected during the 12-month period preceding the effective date of the legislation and the actual revenue collections for the 12-month period immediately following the effective date of the legislation. The state treasurer shall require the governing body of the city or county to certify that such body shall comply with the revenue neutral rate statute, K.S.A. 79-2988, prior to receiving any moneys from the fund. Upon receipt of such certification from the governing body, the state treasurer shall pay from the fund to the appropriate city or county fund the amount determined by the director of taxation to restore the local tax revenue lost after enactment of the legislation. The bill also requires the state treasurer to establish procedures to recapture moneys if a city or county is not complying with the revenue neutral rate statute.

Section 2 creates the local extraordinary needs fund. The fund is administered by the state treasurer. The purpose of fund is to provide grants to cities and counties for capital expenditure projects. The bill authorizes a transfer of \$50,000,000 from SGF to the fund on July 1, 2023. The state treasurer shall pay grants from the fund as approved by the joint committee on local extraordinary needs grants.

Section 3 establishes the joint committee on local extraordinary needs grants. The joint committee is composed of 10 members. Five members from the House appointed by the Speaker of the House and five members from the Senate appointed by the President of the Senate. The state treasurer shall forward all grant applications to the joint committee. The joint committee reviews such applications and may adopt procedural guidelines to aid in reviewing the applications. The joint committee may approve grants, except that no single grant project shall exceed \$2,000,000.

Section 4 abolishes the local ad valorem tax reduction fund.

The remaining sections of the bill amend and repeal statutes to eliminate references to the local ad valorem tax reduction fund due to the abolishment of the fund and make other technical and conforming amendments to such statutes.

The bill becomes effective upon the publication in the statute book.