

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 60**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Sub. for SB 60 would create several sales tax exemptions.

The bill would create a sales tax exemption for all sales of the services of slaughtering, butchering, custom cutting, dressing, processing, and packaging of an animal for human consumption when the animal is delivered or furnished by the customer, and the meat is for use or consumption by the customer.

The bill would exempt the Kansas State School for the Blind and Kansas State School for the Deaf from paying sales tax on purchases related to the building, maintenance, and enlargement of facilities used for human habitation.

The bill would create a sales tax exemption for sales by or on behalf of and purchases by or on behalf of the Johnson County Christmas Bureau Association for the purpose of providing food, clothing, cleaning supplies, personal care items, and other necessities to those in need and desiring assistance.

The bill would create a sales tax exemption for purchases by or on behalf of Doorstep, Inc., for the purpose of providing short-term emergency aid to families and individuals in need and providing information on services to promote long-term self-sufficiency.

*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>

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Bowers.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Bowers and representatives of Kansas Farm Bureau and Kansas Livestock Association. The proponents stated the exemption is conceptually in line with the reduced state sales tax rate on food and supportive of expansion in an industry that is in high demand.

Written-only neutral testimony was provided by a representative of the Kansas Association of Counties.

No other testimony was provided.

On January 9, 2024, the bill was withdrawn from the Senate Calendar and rereferred to the Senate Committee on Assessment and Taxation.

Following discussion on January 24, 2024, the Senate Committee inserted the contents of SB 4, SB 22, and SB 129 and recommended the bill be passed as a substitute bill. Background information for those bills is provided below.

SB 4 (Kansas State Schools for the Blind and Deaf)

The bill was prefiled for introduction on December 27, 2022, by Senator Fagg.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Fagg, who stated the bill would result in savings to the State as it currently imposes the sales

tax on itself in these transactions, resulting in local sales taxes also applying to the State.

Written-only proponent testimony was provided by a representative of the Olathe Chamber of Commerce.

No other testimony was provided.

SB 22 (Johnson County Christmas Bureau Association)

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Corson.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a private individual, who indicated she was a past recipient of the services provided by the organization and greatly benefited from the services and currently volunteers to serve the organization.

Written-only proponent testimony was provided by a representative of the Johnson County Christmas Bureau Association.

Written-only opponent testimony was provided by a representative of the Kansas Policy Institute.

No other testimony was provided.

SB 129 (Doorstep, Inc.)

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Kloos.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Kloos, who stated enactment of the bill would enable the organization to extend the impact of its contributions to the community it serves.

Written-only opponent testimony was provided by a representative of Americans for Prosperity – Kansas.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on **SB 60**, as introduced, the Department of Revenue estimates enactment of the bill would reduce state receipts by \$1.7 million in FY 2024 and by \$2.1 million in all future fiscal years. Of that amount, \$1.4 million in FY 2024 and \$1.7 million in all future years would be from the State General Fund and the balance would be from the State Highway Fund.

According to the fiscal note prepared by the Division of the Budget on **SB 4**, as introduced, the Department of Revenue estimates enactment of the bill would reduce state receipts by \$38,900 in FY 2024 and by a similar amount in all future fiscal years. Of that amount, \$32,600 would be from the State General Fund and the balance would be from the State Highway Fund. Additionally, the bill would reduce local sales tax collections by approximately \$17,700 per year.

According to the fiscal note prepared by the Division of the Budget on **SB 22**, as introduced, the Department of Revenue estimates enactment of the bill would reduce state receipts by \$7,500 in FY 2024 and by a similar amount in all future fiscal years. Of that amount, \$6,200 would be from the State General Fund and the balance would be from the State

Highway Fund. Additionally, the bill would reduce local sales tax collections by approximately \$3,000 per year.

According to the fiscal note prepared by the Division of the Budget on **SB 129**, as introduced, the Department of Revenue estimates enactment of the bill would reduce state receipts by \$5,500 in FY 2024 and by a similar amount in all future fiscal years. Of that amount, \$4,500 would be from the State General Fund and the balance would be from the State Highway Fund. Additionally, the bill would reduce local sales tax collections by approximately \$2,200 per year.

Upon creation of the substitute bill, the Department of Revenue indicated the fiscal effect of each bill would remain the same, but would be shifted forward by one year. Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; sales tax; exemptions; custom meat processing; Kansas State School for the Deaf; Kansas State School for the Blind; Johnson County Christmas Bureau Association; Doorstep, Inc.