

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2002**

As Agreed to April 6, 2023

Brief*

HB 2002 would create two sales tax exemptions, authorize additional sales tax authority for Grant and Dickinson counties, make various changes to property tax law, and establish a requirement for filing the release of tax warrants by the Secretary of Revenue.

Sales Tax Exemptions

The bill would create two sales tax exemptions:

- A sales tax exemption would be created for purchases by Kansas Suicide Prevention HQ for the purpose of bringing suicide prevention training and awareness to communities across Kansas.
- A sales tax exemption would be created for purchases by 501(c)(3) not-for-profit corporations that are designated as Area Agencies on Aging by the Secretary for Aging and Disability Services, for providing certain services to seniors and individuals with disabilities and for purchases made by a contractor for the purposes of constructing and maintaining facilities for such entities.

County Sales Tax Authority

Grant County Sales Tax Authority

The bill would authorize the Board of County Commissioners of Grant County to submit to the voters of the county a question of imposing a countywide sales tax at a rate of up to 2.0 percent for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement facility, or other county administrative facility.

The tax would expire upon the proceeds of the tax being sufficient to pay the costs incurred in the financing of such facility.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/klrd>

The proceeds of the tax would not be subject to apportionment with the cities of Grant County.

Dickinson County Sales Tax Authority

The bill would authorize the Board of County Commissioners of Dickinson County to submit to the voters of the county a question of imposing a countywide sales tax at a rate of 0.25 percent for the purpose of financing public safety capital projects.

The tax would expire five years from the date first collected and could be extended for additional five-year periods upon additional elections.

The proceeds of the tax would not be subject to apportionment with the cities within Dickinson County.

Property Tax Provisions

Electronic Property Tax Documents

The bill would authorize county treasurers to electronically deliver tax statements, tax notices, and tax information forms to taxpayers upon consent of the taxpayer.

The bill would also authorize county appraisers to electronically deliver property classification and appraised valuation information to taxpayers upon consent of the taxpayer.

Mass Appraisal Courses

The bill would provide that appraisal courses and continuing education appraisal courses necessary to qualify for the designation of registered mass appraiser could include courses developed by the Director of Property Valuation specifically related to the administration of assessment and tax laws of Kansas, as well as courses approved by the Kansas Real Estate Appraisal Board as provided in continuing law.

Tax Warrant Release Filing

The bill would require the Secretary of Revenue to file releases for tax warrants in the county where the warrants are docketed upon the taxpayers' full payment of taxes, penalties, and interest owed, including the fees for filing the releases. The requirement would be effective January 1, 2024.

Conference Committee Action

The Conference Committee agreed to remove the contents of HB 2002 and to insert the contents of the following bills:

- HB 2026, as amended by the House Committee on Taxation, regarding tax warrant release filing;
- HB 2232, as introduced, regarding mass appraisal courses;
- HB 2317, as amended by the House Committee on Taxation; regarding electronic property tax documents;
- HB 2416, as amended by the House Committee on Taxation, regarding sales tax exemptions;
- HB 2421, as introduced, on sales tax authority for Grant County; and
- SB 127, as introduced, on sales tax authority for Dickinson County.

Background

The Conference Committee removed the contents of HB 2002, as amended by the Senate Committee of the Whole and inserted the contents of the bills specified above. HB 2002, as amended by the Senate Committee of the Whole, would have made various changes to property tax law. [Note: The contents of HB 2002, as amended by the Senate Committee of the Whole, are included in the Conference Committee Report for SB 8.]

HB 2416 (Sales Tax Exemptions)

The bill was introduced by the House Committee on Taxation at the request of Representative Wasinger.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Titus and by representatives of the Kansas Association of Area Agencies on Aging and Disabilities, Kansas Silver Haired Legislature, North Central Flint Hills Area Agency on Aging, and Northwest Kansas Area Agency on Aging. The proponents generally stated the bill would result in similar tax treatment for independent area agencies on aging as those that are operated by county governments and would enable the agencies to further their mission of providing services to Kansas senior citizens.

Written-only proponent testimony was provided by a representative of the Northeast Kansas Area Agency on Aging.

No other testimony was provided.

The House Committee amended the bill to remove a provision providing for a sales tax exemption on sales by Area Agencies on Aging and by inserting the contents of HB 2306, providing for a sales tax exemption for Kansas Suicide Prevention HQ. The background information for that bill is provided below. [Note: The Conference Committee retained these amendments.]

HB 2306 (Kansas Suicide Prevention HQ Sales Tax Exemption)

The bill was introduced by the House Committee on Taxation at the request of Representative Adam Smith on behalf of Kansas Suicide Prevention HQ.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of Kansas Suicide Prevention HQ, generally stating the bill would enable them to further their mission of preventing suicide in Kansas, especially as it relates to operating the 988 suicide prevention hotline.

Written-only **opponent** testimony was provided by a representative of Americans for Prosperity-KS.

No other testimony was provided.

HB 2421 (Grant County Sales Tax Authority)

The bill was introduced by the House Committee on Taxation at the request of Representative Younger.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a representative of the Board of County Commissioners of Grant County, generally stating the county's jail is out of date and the county wanted to finance its replacement with sales tax rather than other revenue sources.

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

No other testimony was provided.

The House Committee recommended the bill be placed on the Consent Calendar.

SB 127 (Dickinson County Sales Tax Authority)

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Claeys, on behalf of Dickinson County.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Dickinson County. The proponents generally stated the bill would allow for the financing of needed capital improvements to replace outdated public safety communication systems.

Written-only proponent testimony was provided by representatives of Abilene Fire Department, Abilene Police Department, city of Herington, Dickinson County Emergency Communications Center, Dickinson County Sheriff, Enterprise Fire Department, and Kansas Association of Counties.

No other testimony was provided.

HB 2317 (Electronic Property Tax Document)

The bill was introduced by the House Committee on Taxation at the request of a representative of the Kansas County Treasurers Association.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas County Treasurers Association and Johnson County Treasury, Taxation, and Vehicles. The proponents generally stated the bill would help reduce county costs for printing and postage while ensuring taxpayers received tax bills in the means desired by the taxpayer.

Written-only proponent testimony was provided by representatives of Douglas County, Kansas Association of Counties, Kansas Association of Realtors, League of Kansas Municipalities, and Sedgwick County.

No other testimony was provided.

The House Committee amended the bill to insert the provision related to county appraisers and electronic transmission of appraisal notices. [*Note: The Conference Committee retained this amendment.*]

HB 2232 (Mass Appraisal Courses)

The bill was introduced by the House Committee on Taxation at the request of Representative Vic Miller.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by the Director of Property Valuation and representatives of the Kansas County Appraisers Association and the Kansas Association of Counties. Proponents generally stated the bill was necessary because the Kansas Real Estate Appraisal Board does not evaluate for approval any courses related to personal property or property tax administration.

Written-only proponent testimony was provided by representatives of the Kansas Association of Realtors and the Johnson County Appraiser and by a private citizen.

No other testimony was provided.

HB 2026 (Tax Warrant Release Filing)

The bill was introduced by Representative Ellis.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a representative of O'Keefe-Wilson Abstracting Company. The proponent stated the bill would more effectively ensure buyers receive clean title to real estate that was previously subject to a tax warrant.

There was no other testimony.

The House Committee amended the bill to make the requirement effective January 1, 2024. [*Note: The Conference Committee retained this amendment.*]

Fiscal Information

HB 2416 (Sales Tax Exemptions)

HB 2416 (Area Agencies on Aging)

According to the fiscal note prepared by the Division of the Budget on HB 2416, as introduced, the Department of Revenue indicates enactment of the bill would reduce state receipts by \$337,000 in FY 2024 and by \$132,000 in FY 2025 and all future years. Of these amounts, \$280,000 and \$109,000 would be from the State General Fund in the respective years, with the balance being from the State Highway Fund. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2306 (Kansas Suicide Prevention HQ)

According to the fiscal note prepared by the Division of the Budget on HB 2306, the Department of Revenue indicates enactment of the bill would reduce state receipts by \$42,000 per year beginning in FY 2024. Of this amount, \$35,000 would be from the State General Fund, and the balance would be from the State Highway Fund. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2421 (Grant County Sales Tax Authority)

According to the fiscal note prepared by the Division of the Budget on HB 2421, the Department of Revenue indicates enactment of the bill would have no state fiscal effect and would only affect local sales tax collections in Grant County.

SB 127 (Dickinson County Sales Tax Authority)

According to the fiscal note prepared by the Division of the Budget on SB 127, the Department of Revenue indicates the bill would have no state fiscal effect and would affect only local sales tax collections in Dickinson County.

HB 2317 (Electronic Property Tax Notices)

According to the fiscal note prepared by the Division of the Budget on HB 2317, as introduced, the bill would have no state fiscal effect. The Kansas Association of Counties indicates the bill has the potential to reduce printing and postage costs for counties by an indeterminate amount.

HB 2232 (Mass Appraisal Courses)

According to the fiscal note prepared by the Division of the Budget on HB 2232, the Department of Revenue indicates enactment of the bill could reduce state costs by a negligible amount. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2026 (Tax Warrant Release Filing)

According to the fiscal note prepared by the Division of the Budget on HB 2026, as introduced, the Department of Revenue would require \$167,160 from the State General Fund and 1.0 new FTE position to manage the new process, which would include the filing of 35,000 to 50,000 warrant releases annually. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; sales tax; sales tax authority; Grant County; Dickinson County; sales tax exemptions; area agencies on aging; Kansas Suicide Prevention HQ; property tax; appraisers; appraisal courses; tax statements; appraisal notices; electronic delivery; tax warrants; releases; filing; Department of Revenue

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