

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2819**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Senate Sub. for HB 2819 would provide a sales tax exemption, effective January 1, 2024, for Exploration Place, Inc., for the purpose of constructing, remodeling, furnishing, or equipping a riverfront amphitheater, a destination playscape, an education center, and indoor renovations at exploration place in Wichita, Kansas.

The exemption would also apply to qualifying purchases made by any contractor hired for such projects.

For purchases made after January 1, 2024, but prior to the effective date of the bill, the bill would provide for refunds of sales tax to be paid by the Department of Revenue.

The exemption would sunset on December 31, 2030.

Background

The bill was introduced by the House Committee on Taxation at the request of Rep. A. Smith and would have authorized the Rawlins County Board of County Commissioners to submit to the voters of the county a question of imposing a countywide sales tax at a rate of up to 1.0 percent for the purpose of financing the construction or remodeling of attendance centers or other facilities of any school district within the county.

*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>

The Senate Committee on Assessment and Taxation removed the contents of HB 2819 and inserted the provisions of SB 421 into HB 2819 and recommended a substitute bill.

Background information for SB 421 is provided below.

SB 421 (Exploration Place Sales Tax Exemption)

The bill was introduced by Senators Blasi, Alley, Erickson, Fagg, Faust-Goudeau, Kerschen, Masterson, Petersen, and Ware.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Exploration Place, Inc. The proponent generally stated the bill would allow the facility to expand its capacity and offerings, and expedite the purchase of materials for construction.

Neutral testimony was provided by a representative of the League of Kansas Municipalities. The testimony requested that the local sales tax levy remain.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of Budget on 421, as introduced, the Department of Revenue indicates enactment of the bill would decrease state revenues by \$130,000 for fiscal years 2025, 2026, 2027, 2028, and 2029.

Any fiscal effect associated with SB 421 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate the bill would provide a net reduction to local sales tax collections that are used in part to finance local governments. This bill has the potential to reduce revenues that are pledged to repay STAR bond projects; however, it is unknown what impact the bill would have on the viability of those projects.

Taxation; sales tax; Exploration Place