SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 53

<u>As Amended by Senate Committee on
Assessment and Taxation</u>

Brief*

SB 53, as amended, would exclude from sales price, for purposes of retail sales and compensating use taxes, the amount of coupons issued by a manufacturer, supplier, or distributor when the seller accepts such coupons and is reimbursed by the manufacturer, supplier, or distributor.

The exclusion would take effect January 1, 2024.

Background

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

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a private citizen, who stated the bill would allow customers to pay sales tax on the actual amount they pay for a product, rather than on the price without the coupon.

No other testimony was provided.

The Committee amended the bill to change the effective date of the exclusion to January 1, 2024.

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*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

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill would reduce state receipts by $2.0 million in FY 2024 and by $2.3 million in all future fiscal years. Of that amount, $1.7 million in FY 2024 and $1.9 million in all future years would be from the State General Fund and the balance would be from the State Highway Fund.

While a revised fiscal note on the amended bill was not immediately available, the amendment would reduce the fiscal impact of the bill in FY 2024 and have no effect on the impact in all future fiscal years.

Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; sales tax; exclusion; manufacturer's coupons