

Policy & Research
915 SW Harrison St
Topeka KS 66612-1588
Nick Jordan, Secretary
Richard Cram, Director



Phone: 785-296-3081
FAX: 785-296-7928
www.ksrevenue.org
Sam Brownback, Governor

January 21, 2015

Senate Committee on Assessment and Taxation

Testimony in Support of Senate Bill 29

by Richard Cram

Chairman Les Donovan and Members of the Committee:

Senate Bill 29 would amend K.S.A. 12-6a31 to remove the current \$60,000/fiscal year cap on the amount of administrative fees that the Department is authorized to retain in the community improvement district sales tax administration fund from community improvement district sales tax distributions. Under that statute, the Department is allowed to retain 2% of those distributions in the community improvement district sales tax administration fund, up to a total \$60,000 per fiscal year, to defray the expenses of the Department in administration and enforcement of collection of this tax. The total number of community improvement districts has grown to 56, and will continue to grow, as this program is very popular with municipalities and developers. Until the \$60,000 current statutory cap is reached each fiscal year, the Department must make complex calculations for each district distribution, in order to properly and proportionally allocate the administrative fee among the districts. Elimination of the \$60,000 cap will simplify the distribution process as well as increase the amount that the Department can retain to cover its rising costs to administer this expanding program. Based on current processing, elimination of the \$60,000 cap would increase the amount that the Department can retain from the community improvement district sales tax administration fund for FY 16 from the \$60,000 to \$120,000. In CY 2014, the Department distributed a total of \$5.66 million in community improvement district sales taxes.

The community improvement district local sales tax provisions were enacted in 2009, and provide authority to municipalities to set up local districts in which a local sales tax is imposed on the sales by retail businesses located within those districts, in order to fund the costs for commercial development or redevelopment projects.

The Department respectfully requests that the Committee pass out Senate Bill 29 favorably.