

SESSION OF 2004

SUPPLEMENTAL NOTE ON SENATE BILL NO. 325

As Amended by Senate Committee of the Whole

Brief*

SB 325 would, effective July 1, 2004, amend KSA 2003 Supp. 79-3603 to provide a sales tax exemption for certain computer software customization services.

Background

Such services had been exempt prior to July 1, 2002, and the bill would restore that exemption on a prospective basis. The Senate Committee of the Whole amendment clarifies that the bill is in fact prospective only.

Proponents included Sprint and KCCI.

A fiscal note provided by the Department of Revenue said that the bill would reduce FY 2005 sales tax receipts by \$2 million to \$16 million. Using the midpoint of that range and assuming the fiscal impact would be \$9 million, the bill would be expected to reduce receipts as follows:

(\$ in millions)

	<u>SGF</u>	<u>SHF</u>	<u>Total</u>
FY 2005	\$8.575	\$0.425	\$9.000
FY 2006	\$9.615	\$0.476	\$10.091
FY 2007	\$9.500	\$0.402	\$9.903
FY 2008	\$9.693	\$0.505	\$10.198
FY 2009	\$10.033	\$0.523	\$10.555
5-Yr Total	\$47.417	\$2.330	\$49.747

*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>

