

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2275**

As Agreed to March 24, 2025

Brief*

HB 2275 would authorize the submission of local sales taxes to voters in Finney, Jackson, Pawnee, and Seward counties; modify the apportionment of countywide sales taxes; and specify that a sales tax exemption certificate is not required for the sales tax exemption for certain custom meat processing services.

County Sales Tax Authorizations

Finney County

The bill would authorize the Board of County Commissioners of Finney County to submit to the voters of the county a question of imposing a 0.5 percent countywide sales tax for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility, or other county administrative facility.

Such sales tax would expire once revenue sufficient to pay costs incurred in financing such a facility was collected.

The proceeds of the tax would be retained by the county government and would not be subject to apportionment with the cities within the county.

Jackson County

The bill would authorize the Jackson County Board of County Commissioners to submit to the voters of the county a question of imposing a countywide sales tax of 0.25 percent for the purpose of supporting hospital services in the county.

Proceeds from the tax would not be subject to apportionment with the cities within Jackson County and would be entirely retained by the county.

*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 <https://klrd.gov/>

The sales tax authorized by the bill would expire after ten years from the date the tax is first collected.

Pawnee County

The bill would authorize the Pawnee County Board of County Commissioners to submit to the voters of the county a question of imposing a countywide sales tax of up to 1.0 percent for the purpose of financing the provision of health care services and furnishing and equipping county public safety operations.

The health care services to be financed would be required to be listed in the question submitted to the voters, and public safety operations would be those deemed necessary by the Pawnee County Board of County Commissioners.

Seward County

The bill would would authorize the Board of County Commissioners of Seward County to submit to the voters of the county a question of imposing a countywide sales tax at a rate of 0.5 percent for the purpose of financing road and bridge construction projects.

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

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

Countywide Sales Tax Apportionment

The bill would require the apportionment of sales tax revenue among cities and counties that is based on the proportion of the tax levied by each city and county to remain unchanged between July 1, 2025, and December 31, 2026.

[Note: The apportionment of such revenue based on population would be unaffected by the bill.]

Custom Meat Processing Sales Tax Exemption Certificate

The bill would authorize the sales tax exemption provided for in continuing law for sales of the services of slaughtering, butchering, custom cutting, dressing, processing, or packaging of an animal for the customer's own use or consumption to be claimed without a requirement that exemption certificates or forms be provided by the purchaser or collected or maintained by the seller.

The bill would also clarify that a seller of such services who believes a sale to qualify for the exemption does not have the burden of proving the sale is not subject to tax; however, a purchaser wrongly claiming the exemption would still be liable for any unpaid taxes.

Conference Committee Action

The Conference Committee agreed to the Senate amendments to HB 2275 and agreed to further amend the bill by inserting the contents of:

- HB 2004, as passed by the House, providing for Seward County sales tax authority;
- HB 2390, as passed by the House, providing for Jackson County sales tax authority;
- HB 2377, as passed by the House, relating to the apportionment of countywide sales tax revenues; and
- Sub. for SB 33, as passed by the Senate, relating to sales tax exemption certificates for custom meat processing services.

Background

The Conference Committee report contains provisions from HB 2275, HB 2004, HB 2390, HB 2377, and Sub. for SB 33. Background information for each bill is provided below.

HB 2275 (Finney and Pawnee Counties Sales Tax Authority)

The Senate Committee on Assessment and Taxation inserted the contents of HB 2125 into HB 2275 while retaining the contents of HB 2275. Background information for each bill may be found below. [Note: The Conference Committee retained the provisions of both bills.]

HB 2275 (Finney County)

The bill was introduced by the House Committee on Taxation at the request of Representative Pishny on behalf of Finney County.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Pishny, Senator Clifford, and the Chairman of the Board of County Commissioners of Finney County. The proponents generally stated Finney County needs to build a new jail and remodel its law enforcement center, that a 0.5 percent sales tax would allow for the project to be financed, and the bill would enable voters of the county to decide whether or not to adopt a sales tax to pay for the buildings.

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

No other testimony was provided.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Representative Pishny, Senator Clifford, and the Chairman of the Board of County Commissioners of Finney County. The testimony was substantially similar to the testimony provided in the House Committee hearing.

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

No other testimony was provided.

HB 2125 (Pawnee County)

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

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a Pawnee County Commissioner and the Pawnee County Attorney. The proponents generally stated the bill would not impose an additional sales tax on residents of the county but would allow existing sales tax revenue to be repurposed for emergency services and would enable voters of the county to decide whether or not to adopt the sales tax.

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

No other testimony was provided.

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

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a Pawnee County Commissioner and the Pawnee County Attorney. The testimony was substantially similar to the testimony provided in the House Committee hearing.

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

No other testimony was provided.

HB 2004 (Seward County Sales Tax Authority)

The bill was introduced by Representative Francis.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a Seward County Commissioner and the Seward County Administrator, who stated Seward County has recently seen a substantial increase in commercial motor vehicle traffic and the bill would enable the County to fund necessary road and bridge construction projects.

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.

HB 2390 (Jackson County Sales Tax Authority)

The bill was introduced by the House Committee on Taxation at the request of Representative Turner on behalf of Representative Awerkamp.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by two representatives of Holton Community Hospital. The proponents generally stated Holton Community Hospital provides critical services to residents of Jackson County, but rising costs have made it difficult to continue to operate. Proponents said a modest sales tax increase would provide vital funding to enable the hospital to continue to provide care.

Written-only proponent testimony was provided by a Holton County Commissioner and representatives of the Kansas Association of Counties and Holton Community Hospital.

No other testimony was provided.

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

HB 2377 (Countywide Sales Tax Apportionment)

The bill was introduced by the House Committee on Taxation at the request of Representative Hoheisel on behalf of Sedgwick County.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of the Sedgwick County Board of County Commissioners and the Kansas County Commissioners Association. The proponents generally stated the component of the apportionment formula based on the amount of tax levied discourages local governments from reducing property taxes because it results in them receiving a smaller share of the sales tax collections. They stated the

bill would remove this barrier to reducing property tax and allow collections to increase through the natural growth of the tax base, rather than only through growth of the budget.

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

No other testimony was provided.

The House Committee amended the bill to remove a change to apportionment based on assessed valuation and to maintain current apportionment ratios based on property tax through December 31, 2026. [*Note:* The Conference Committee retained this amendment.]

Sub. for SB 33

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

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Bowers, who stated the bill would eliminate burdensome administrative requirements for beneficiaries of an exemption for services already exempt from sales tax.

Written-only proponent testimony was provided by a private citizen and a representative of Duis Meat Processing and Smoky River Meats.

Written-only **opponent** testimony was provided by a representative of Americans For Prosperity Kansas, who stated the bill promotes a policy of providing selective benefits to certain types of businesses and further erodes the tax base.

No other testimony was provided.

The Senate Committee amended the bill to replace its contents, which would have excluded sales of custom meat processing services from the sales tax, with the provisions described above and recommended a substitute bill be passed. [*Note:* The Conference Committee retained this amendment.]

Fiscal Information

According to the fiscal notes prepared by the Division of the Budget on each of the bills contained in the Conference Committee report for HB 2275, enactment of each of the bills would have no state fiscal effect, but would have a fiscal effect on the counties impacted by the sales taxes.

Taxation; sales tax; countywide sales tax; Pawnee County; Finney County; Jackson County; Seward County; apportionment; exemption certificates; custom meat processing

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