

SESSION OF 2015

**FOURTH CONFERENCE COMMITTEE REPORT BRIEF  
HOUSE SUBSTITUTE FOR SENATE BILL NO. 270**

As Agreed to June 10, 2015

**Brief\***

House Sub. for SB 270 would make a number of changes in yet-to-be-enacted law in anticipation of enactment of the latest conference committee report on Senate Sub. for HB 2109. (House Sub. for SB 270 would become effective only if Senate Sub. for HB 2109 also were to be enacted.)

***Sales Tax Exemption Restored***

Senate Sub. for HB 2109 had proposed that many sales tax exemptions be scheduled to sunset on December 31, 2019. Exemptions not subject to that proposed sunset generally would include certain ingredient and component parts, business-to-business transactions, health-care-related purchases, and purchases by religious organizations for religious purposes. Certain exemptions that had been scheduled to sunset in the initial bill that would instead be restored under House Sub. for SB 270 would include motor fuels and items taxed by sales or excise tax; purchases made by the state, political subdivisions, and nonprofit hospitals; certain purchases made by schools; certain purchases made by contractors on behalf of schools or correctional institutions; purchases by the federal government or its agencies; transactions made by railroads or public utilities; residential and agricultural use of water; vehicles, trailers, or aircraft

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purchased and delivered out of state to a nonresident; and selected other exemptions mandated by federal law.

### ***Food Sales Tax Rebate Restored***

Senate Sub. for HB 2109 proposes the retroactive repeal (to the start of tax year 2015) of the income tax credit allowed for certain individuals to offset the amount of sales tax paid on food. House Sub. for SB 270 would repeal that provision of Senate Sub. for HB 2109, effectively restoring the program.

### ***Property Tax Provisions***

A provision in Senate Sub. for HB 2109 would, beginning in 2018, prohibit cities and counties from adopting, absent mandatory elections, portions of their budgets funded with revenues from certain property tax increases. That restriction would be relaxed in House Sub. for SB 270. Beyond those increases allowed at the level of the rate of inflation plus other exemptions provided in Senate Sub. for HB 2109, House Sub. for SB 270 would add a number of other purposes for which property taxes could be increased before the mandatory election requirement would be triggered, including costs associated with new infrastructure; certain property taxes levied for bonds and interest; certain road construction costs; special assessments; costs associated with federal or state mandates; and payment of judgments.

### ***Other Provisions***

#### ***Joint Committee on Tax Exemptions and Income Tax Credits***

Senate Sub. for HB 2109 proposes a Joint Committee on Tax Exemptions and Income Tax Credits charged with making various recommendations to the Legislature. The

Joint Committee would be composed of members of the Legislative Coordinating Council and the chairpersons of the House Committees on Taxation and Appropriations and the Senate Committees on Assessment and Taxation and Ways and Means, or the member's designee. House Sub. for SB 270 would specify any member's designee would be required to be a legislator. House Sub. for SB 270 also changes a requirement that recommendations be made by January 15, 2016, rather than by January 1, 2017.

### **Conference Committee Action**

The fourth Conference Committee on June 10 agreed to revise certain provisions contained in Senate Sub. for HB 2109 by retaining the food sales tax rebate program, requiring all members of the Joint Committee created by Senate Sub. for HB 2109 to be legislators, and providing exceptions to the requirement for an election for approving property tax increases.

### **Background**

The original bill would have made several changes to the Tax Credit for Low Income Students Scholarship Program Act. The House Taxation Committee, on May 13, struck the bill's original provisions; recommended a substitute bill be created; inserted various new provisions, including the tax amnesty provisions; and advanced the new substitute bill for further consideration without recommendation. The House Committee of the Whole, on May 15, adopted a minor technical amendment. On May 29, the House amended the bill on final action to remove the contents of the substitute bill, other than the amnesty provisions, and add provisions regarding a tax credit for individual development account contributions, the Rural Opportunity Zone tax exemptions, local sales tax authority, and fire district levy authority (provisions now included in Senate Sub. for HB 2109).

The Tax Credit for Low Income Students Scholarship Program provisions included in the Conference Committee Report for Senate Sub. for HB 2109 are those of SB 270, as introduced.

Restoration of the food sales tax rebate credits would decrease State General Fund receipts by \$15 million per year below the levels assumed in the final version of Senate Sub. for HB 2019.

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