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MEMORANDUM

To: Madam Chair and Members of the Committee on Assessment and Taxation

From: Adam Siebers, Assistant Revisor

Date: March 20, 2018

Subject: Senate Bill No. 444

Summary

Senate Bill No. 444 lowers the sales tax for food and food ingredients.

Section 1 defines food and food ingredients to include bottled water, candy and soft drinks. Food and food ingredients excludes dietary supplements and food sold through vending machines. The terms, “bottled water,” “candy,” “food sold through vending machines” and “soft drinks are also defined terms.

Section 2 and 4 of the bill sets the sales and use tax rate on food and food ingredients at 4% starting July 1, 2019. The tax rate lowers to 2% starting July 1, 2020, and will remain at this rate indefinitely.

Section 3 and 5 of the bill amends the distribution formula to the state highway fund to reflect changes to the sales tax rate. The change in percentage ensures that the state highway fund will receive the same dollar amount it was scheduled to receive.