

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2408**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

Senate Sub. for HB 2408 would provide a sales tax exemption for purchases by three non-profit hospice organizations (Midland Care Connection, Inc. [Midland]; Harry Hynes Memorial Hospice, Inc.; and Hospice of the Prairie, Inc.) for the purpose of providing healthcare services to persons in their respective communities.

**Background**

The subject matter of HB 2408 as introduced was the fingerprinting of Department of Revenue (Department) contractors and employees having access to certain federal tax information. Those provisions were enacted in 2017 SB 96. The Senate Assessment and Taxation Committee on March 22, 2018, replaced the bill's original provisions with the sales tax exemptions described above and recommended a substitute bill be created.

The Committee's actions came after a discussion of SB 440, which would have provided a sales tax exemption for purchases of Midland and would have included language also exempting purchases made by or on behalf of that organization by a contractor. During the Committee's hearing on SB 440, a Midland representative had explained the bill had been drafted to exempt not just ongoing purchases

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\*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>

involving medical supplies and equipment, but also purchases associated with a building renovation project.

The Committee then amended SB 440 to strike the language that would have applied to the renovation project purchases and to add the other two entities that had been identified by the Department of Revenue as being non-profit hospice groups not affiliated directly with county or non-profit organizations and whose ongoing purchases are not otherwise exempt under current law. As noted above, the Committee then placed the amended provisions into a substitute bill.

A fiscal note on the substitute bill was not immediately available, but comments from a representative of the Department suggested state sales tax receipts would be expected to decrease by slightly more than \$1.0 million per year.