

SESSION OF 2018

SUPPLEMENTAL NOTE ON SENATE BILL NO. 444

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 444 would reduce the state sales tax rate on food and food ingredients from the current 6.5 percent to 4.0 percent on July 1, 2019, and to 2.0 percent on July 1, 2020.

The bill would generally define “food and food ingredients” to include substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Bottled water, candy, and soft drinks would be specifically included in the definition. Sales of alcoholic beverages, dietary supplements, food sold through vending machines, tobacco, and certain prepared foods would be excluded from the definition of “food and food ingredients,” and would not qualify for the tax reduction. The bill would provide specific definitions for bottled water, candy, food sold through vending machines, prepared food, soft drinks, and dietary supplements.

The bill would also amend the statute relating to the disposition of sales tax revenue effectively to provide that the fiscal impact would be borne exclusively by the State General Fund while the State Highway Fund would be held harmless, relative to current law and current revenue estimates.

*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>

Background

The bill was introduced by the Senate Committee on Assessment and Taxation. In the Senate Committee hearing on March 19, Senator Holland appeared as the lead proponent. Representatives of the Kansas Action for Children, the Kansas Catholic Conference, the Kansas Center for Economic Growth, and KC Healthy Kids also provided proponent testimony. No opponent testimony was provided.

The Senate Committee adopted technical amendments.

Based on the latest fiscal information available from the Department of Revenue, the the bill, as amended, would be expected to reduce State General Fund receipts by the following amounts per year.

(Dollars in Millions)

FY 2019	–
FY 2020	(\$152.646)
FY 2021	(\$294.120)
FY 2022	(\$311.239)
FY 2023	<u>(\$317.153)</u>
5 yr-total	(\$1,075.161)