

SESSION OF 2019

SUPPLEMENTAL NOTE ON SENATE BILL NO. 178

As Amended by Senate Committee of the Whole

Brief*

SB 178, as amended, would provide a sales tax exemption for purchases made by nonprofit integrated community care organizations, which would be defined by the bill.

“Nonprofit integrated community care organization” would be defined as any entity that is exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, certified to participate in Medicare as a hospice focused on providing care to the aging and indigent population across multiple counties, and approved by the Kansas Department for Aging and Disability Services to provide services under the Program of All-Inclusive Care for the Elderly.

An additional provision of the bill would mandate that legislative enactments establishing new sales tax exemptions on or after January 1, 2020, repeal or suspend existing exemptions with an equal or greater fiscal impact.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Midland Care Connection.

*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>

During the Senate Committee hearing, a representative of Midland Care Connection testified in support of the bill. No opponent or neutral testimony was provided.

The Senate Committee of the Whole amended the bill on March 20, 2019, to add the provision that would require repeal of extant sales tax exemptions under certain circumstances on and after January 1, 2020, when new exemptions are added.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department of Revenue estimates enactment of the bill would reduce all funds receipts by \$257,000 in fiscal year 2020, of which \$215,500 would come from the State General Fund. The remaining \$41,500 reduction would be in State Highway Fund receipts. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.