

SESSION OF 2020

SUPPLEMENTAL NOTE ON SENATE BILL NO. 328

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 328 would exclude discounts and coupons that are reimbursed by a third party from the definition of sales price for the purpose of Kansas retail sales tax.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Tyson.

In the Senate Committee hearing, a representative of Concerned Women for America of Kansas provided proponent testimony, stating the bill resolves a hidden tax most taxpayers do not realize they pay.

No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue (Department) estimates the bill would decrease State receipts by \$2.0 million in FY 2021, \$2.0 million per year in FYs 2022 through 2024, and \$2.4 million in FY 2025. This decrease in revenue would be distributed across the State General Fund (SGF) and the State Highway Fund. The Department estimates the bill would reduce the amount of local sales tax receipts by an indeterminate amount. The Department indicates the bill has the potential to place Kansas out of compliance with the Streamlined Sales and Use Tax

*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>

Agreement, which could imperil at least \$28.9 million in annual state receipts. Any fiscal effect associated with the bill is not reflected in *The FY 2021 Governor's Budget Report*.