

KANSAS OFFICE *of*
REVISOR *of* STATUTES

LEGISLATURE *of* THE STATE *of* KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: March 2, 2022

Subject: House Bill No. 2711

Summary

House Bill No. 2711 would lower the sales and compensating use tax rate to 6.3% for all sales and 3.5% for the sales of food and food ingredients while also providing for possible further reductions to the rate of sales for food and food ingredients. The bill would allow for the continued levying of city and countywide retailers' sales tax by cities and counties and Washburn University. The nonrefundable food sales tax credit would be made refundable and discontinued if the state rate on food and food ingredients is lowered to 0%.

Section 1 – Establishes the state rate for sales tax on the sales of food at 3.5%. Such sales do not include prepared food.

Section 2 – Lowers the state rate for sales tax on food and food ingredients by 1.2% commencing July 1, 2023, for any fiscal year in which the balance of the budget stabilization fund is \$100,000,000 or greater on July 1. The change in rate would go into effect the following January 1.

Sections 3 & 4 – The city and countywide retailers' sales tax and the sales tax levied for Washburn University would continue to be levied for sales of food and food ingredients.

Section 5 – The nonrefundable food sales income tax credit is made a refundable tax credit starting in tax year 2023. Additionally, the credit would be discontinued in any year that the sales tax on food is lowered to 0%.

Section 6 – Amends the definitions section.

Sections 7 & 9 – Lowers the general sales and compensating use tax rates to 6.3%.

Sections 8 & 10 – Adjusts the distribution percentage of revenue received from sales and compensating use tax that gets deposited into the state highway fund.