

SESSION OF 2022

SUPPLEMENTAL NOTE ON SENATE BILL NO. 327

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 327 would exclude delivery charges that are separately stated on an invoice or similar document from the sales price for purposes of retail sales and compensating use tax.

Background

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

In the Senate Committee hearing on the bill, **proponent** testimony was provided by a private citizen. The proponent stated the bill would provide tax relief to consumers and eliminate a tax that many consumers do not realize they are paying.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue estimates enactment of the bill would reduce state revenues by \$4.8 million per year beginning in fiscal year 2023. Of that amount, \$4.0 million would be a reduction in State General Fund receipts and \$800,000 would be a reduction in State Highway Fund receipts. The Kansas Association of Counties and

*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>

League of Kansas Municipalities indicate the bill would result in a reduction of local sales and use tax receipts. Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; sales tax; shipping and handling