

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2036**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

Senate Sub. for HB 2036 would create a sales tax exemption beginning January 1, 2023, for tangible personal property and services purchased by Kansas resident veterans who have been honorably discharged and have at least a 50 percent permanent disability rating sustained through military service.

Sales of motor vehicles, alcoholic beverages, tobacco products, or electronic cigarettes would be excluded from the exemption, as would any purchases not made for personal use or made for the production of income.

Purchases for the benefit of such individuals or made on behalf of such individuals would also qualify for the exemption, which would be capped at \$24,000 of taxable sales per year per eligible person. Surviving spouses of eligible persons would continue to be eligible for the exemption until remarriage.

The bill would require individuals claiming the exemption to apply to the Secretary of Revenue for a veteran exemption identification number, which would be provided on a card the size of a driver's license upon the provision of information sufficient to establish the eligibility of the individual. The bill would require the exemption identification number or exemption card to be presented to retailers when claiming the exemption.

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\*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>

Upon request of the Secretary of Revenue, an eligible person would be required to provide a statement under oath that the total sales amounts have not exceeded the amount provided for by the bill. If the amount of exempt sales exceeds the limit, the amount of excess sales tax would be considered a direct sales tax liability of the eligible individual.

## **Background**

The bill was introduced by Representatives Proctor, Blex, Buehler, Butler, Clifford, Collins, Dodson, Ellis, Johnson, Neelly, Thompson, and Turk.

## ***House Committee on Taxation***

In the House Committee hearing on January 30, 2023, **proponent** testimony was provided by Representative Proctor, representatives of Kansas Disabled Veterans Lobby and Military Officers Association of America–Kansas, and a private citizen. The proponents generally stated the bill would provide property tax relief for disabled veterans, some of whom may not qualify for existing residential property tax relief programs.

Written-only proponent testimony was provided by representatives of Aftermarket Logistics, Kansas Association of Counties, Santa Fe Trail VFW Post 846, and VFW, and by ten private citizens.

Written-only opponent testimony was provided by a representative of the League of Kansas Municipalities.

## ***House Committee of the Whole***

The House Committee of the Whole amended the bill to prevent recipients of any exemption under the bill from being eligible for refunds under the Homestead Property Tax Refund Act.

### ***Senate Committee on Assessment and Taxation***

In the Senate Committee hearing starting January 16, 2024, **proponent** testimony was provided by Representative Proctor, representatives of the Enlisted Association of the National Guard of Kansas, Junction City Chamber of Commerce, and Military Officers Association of America–Kansas, and seven private citizens. The proponents generally stated the bill would provide property tax relief for disabled veterans and recommended amendments be adopted to ensure the exemptions are not too burdensome for the most substantially impacted counties in the state.

Written-only proponent testimony was provided by representatives of AARP–Kansas, Geary County Board of County Commissioners, Kansas Disabled Veterans Lobby, Vietnam Veterans of America, and 18 private citizens.

**Opponent** testimony was provided by representatives of the Leavenworth County Commission and the Riley County Commission. The opponents generally stated the exemption would be onerous for counties with high populations of disabled veterans and would shift property taxes to other taxpayers.

Written-only neutral testimony was provided by representatives of the Kansas Association of Counties, Kansas Policy Institute, and League of Kansas Municipalities.

The Senate Committee amended the bill to remove the contents of the bill and insert the contents of SB 58, with amendments described below. Background information for SB 58 is provided below.

### ***SB 58 (Disabled Veterans Sales Tax Exemption)***

The bill was introduced by Senators Peck, Blasi, Bowers, Claeys, Corson, Dietrich, Doll, Kloos, and Pittman.

### *Senate Committee on Assessment and Taxation*

In the Senate Committee hearing on March 9, 2023, **proponent** testimony was provided by Senator Peck and representatives of Military Officers Association of America–Kansas, Southeast Kansas Veteran Providers Coalition, and VFW Post 1186. Proponents generally stated the bill would provide sales tax relief for disabled veterans commensurate with what is provided in some other states.

Written-only proponent testimony was provided by three private citizens.

The Senate Committee amended the bill to provide for the exemption to be effective July 1, 2025; exclude sales of alcoholic beverages, tobacco, and electronic cigarettes from the exemption; limit the exemption sales to be used for personal use and not for the production of income; change the disability rating of eligible veterans from 100 percent to 50 percent or greater; and reduce the limit exempted sales from \$50,000 to \$24,000 annually.

### **Fiscal Information**

A Fiscal Note on the substitute bill was not immediately available.

Taxation; sales tax; exemption; disabled veterans