

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2255

As Amended by Senate Committee on
Assessment and Taxation

Brief*

HB 2255, as amended, would phase in refunds of state sales taxes paid on certain telecommunications machinery and equipment, beginning with purchases made on and after July 1, 2015.

One fourth of the state sales taxes paid on qualifying purchases made from July 1, 2015, through June 30, 2016, would be eligible to be refunded under the provisions of the bill; 50 percent of such sales taxes from July 1, 2016, through June 30, 2017; 75 percent from July 1, 2017 through June 30, 2018; and all such taxes on and after July 1, 2018.

Refunds would be required to be paid within one year after the claims have been received by the Department of Revenue.

Background

Proponents included representatives of telecommunications companies, the Kansas Cable Telecommunications Association, the Kansas Grain and Feed Association, the Kansas Chamber, Cox Communications, and Representative Garber.

The original bill proposed to refund all state sales taxes paid on telecommunications machinery and equipment beginning on July 1, 2013. The House Committee on

*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>

Commerce, Labor, and Economic Development amended the bill to provide for refunds of 50 percent of such taxes from July 1, 2015, to December 31, 2016; and 100 percent of such taxes, thereafter.

The Senate Assessment and Taxation Committee amended the bill to further decelerate the payment of refunds.

The following table provides the latest fiscal information associated with the reduction in State General Fund (SGF) and State Highway Fund (SHF) receipts:

(\$ in millions)

	SGF	SHF	Total
FY 2014	\$ 0.00	\$ 0.00	\$ 0.00
FY 2015	0.00	0.00	0.00
FY 2016	(3.622)	(0.818)	(4.440)
FY 2017	(7.516)	(1.697)	(9.213)
FY 2018	(11.697)	(2.641)	(14.338)
FY 2019	(16.181)	(3.654)	(19.835)
6-yr total	\$ (39.016)	\$ (8.810)	\$ (47.826)