

SESSION OF 2013

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE  
BILL NO. 202**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

Sub. for SB 202 would authorize a sales tax exemption for certain animal agricultural industries. These industries would include chicken egg production, sheep and goat farming, cattle feedlots, dairy cattle and milk production, and hog and pig farming.

To qualify for the sales tax exemption, the business would have to be certified as a qualified firm by the Secretary of Commerce or have written approval and participate in training assistance by the Department of Commerce. The business must be a for-profit business establishment and be identified under the North American Industry Classification System. Additionally, the business would be required to file a certificate of intent to invest in a construction, reconstruction, enlarging, or remodeling project with an actual cost equal to or greater than \$50,000.

**Background**

The bill was introduced by the Senate Committee on Agriculture and was referred to the Committee on Assessment and Taxation.

The Secretary of the Kansas Department of Agriculture and a representative of the Kansas Livestock Association provided testimony in support of the bill at the Senate

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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>

Committee hearing; representatives from the Kansas Pork Association and Kansas Farm Bureau provided written proponent testimony. There was no other testimony.

The Senate Committee on Assessment and Taxation recommended a substitute bill that removes the income tax credits portion of the original bill. The substitute bill maintained the sales tax exemption for capital improvements and also removed a provision that would have allowed retroactive credit.

The latest fiscal note from the Department of Revenue indicates the substitute bill would reduce State General Fund (SGF) and State Highway Fund (SHF) receipts as follows:

(\$ in millions)

	<b>SGF</b>	<b>SHF</b>	<b>Total</b>
FY 2014	\$ (2.22)	\$ (0.46)	\$ (2.68)
FY 2015	(1.70)	(0.40)	(2.10)
FY 2016	(1.70)	(0.40)	(2.10)
FY 2017	(1.90)	(0.40)	(2.30)
FY 2018	(2.00)	(0.40)	(2.40)
<b>5-yr total</b>	<b>\$ (9.52)</b>	<b>\$ (2.06)</b>	<b>\$ (11.58)</b>