

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 54

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 54 would expand, beginning July 1, 2024, the state sales and use tax rate of zero percent currently applied to residential and agricultural sales of gas, electricity, heat, propane gas, liquified petroleum gas, coal, wood, and other fuel sources for the production of heat or lighting to all such sales.

Additionally, such sales would be added to the list of items expressly subject to sales taxes imposed by cities and counties.

Background

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

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Representative Awerkamp and representatives of the Citizens Utility Ratepayer Board and Kansans for Lower Electric Rates. Proponents generally stated the bill would provide uniformity of state taxation of utilities sales and reduce the cost of utilities on businesses.

*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>

Written-only proponent testimony was provided by representatives of the Kansas Agribusiness Retailers Association, Kansas Association of Counties, Kansas Chamber of Commerce, and Kansas Grain and Feed Association.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue indicates enactment of the bill would reduce state receipts by \$51.0 million in FY 2025, \$56.2 million in FY 2026, and \$56.8 million in FY 2027. Of those amounts, \$42.3 million, \$46.4 million, and \$46.6 million would be from the State General Fund in the respective years. The balance of the reductions would be from the State Highway Fund.

Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; sales tax; utilities