

Local Sales Tax, Interest Rates, Sales Tax Refunds

SB 10 provides additional local sales tax authority in certain counties; makes several changes in statutes relating to interest rates charged for delinquent property taxes and interest rates paid relative to overpayments associated with clerical errors; and establishes a three-year statute of limitations for taxpayers to claim certain sales tax refunds.

Local Sales Tax Provisions

The bill provides Edwards County with additional local sales tax authority of 0.375 percent (3/8ths of one percent) to finance economic development initiatives. The normal distribution formula for countywide sales taxes, which requires counties to share sales taxes with cities, also is amended to authorize Edwards County to retain all of the money from the economic development sales tax.

The bill further authorizes Jackson County to impose a tax of 0.4 percent, which could only be submitted to voters after a current tax has expired, for the purpose of financing public infrastructure projects. Any such tax ultimately imposed would be required to sunset after seven years.

Additionally, the bill makes several minor changes to an existing sales tax authority of Douglas County to clarify that among the purposes for which a tax of 0.25 percent could be imposed are conservation, preservation of cultural heritage, and economic development projects and activities.

Property Tax Interest Rate Provisions

The bill also makes several changes in statutes relating to the interest rate charged for delinquent property taxes and the interest rate paid relative to overpayments attributable to certain clerical errors. The interest rate charged for delinquent or underpaid property taxes of \$10,000 or more is increased, effective January 1, 2012, from the previous federally established rate plus one percent utilized under prior law to the greater of such rate or 10 percent. The interest rate required to be paid relative to property tax overpayments associated with certain clerical errors, as defined in KSA 2010 Supp. 79-1701a, is increased from the current federally established rate to such rate plus two percent, effective July 1, 2011.

Sales Tax Statute of Limitations

Finally, the bill establishes a three-year statute of limitations for taxpayers to claim sales tax exemptions. Refunds were limited to one year under prior law. The bill extends the limitation retroactively upon enactment.