

**UPDATED**  
*SESSION OF 2013*

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2084**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

HB 2084, as amended, would expand the definition of community service for purposes of the Community Service Tax Credit Program to include certain youth apprenticeship and technical training activities.

The bill also would provide a new sales tax exemption beginning July 1, 2014, for certain indirect purchases associated with the construction, renovation and repair of state properties and facilities.

Finally, the bill would provide remittance credits beginning July 1, 2013, for sales and use taxes equivalent to 1.5 percent of collections, up to a maximum of \$200 per month per retailer. Retailers filing consolidated returns prior to January 1, 2013, would be considered a single entity for purposes of the \$200 per month cap.

**Background**

As approved by the House, the bill dealt only with the expansion of the community service tax credit provisions (not expected to have a measurable fiscal impact).

The Senate Assessment and Taxation Committee on March 26 added the exemption for indirect purchases

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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>

associated with construction, renovation and repair of state properties; and the language proposing to allow retailers to retain a portion of sales and use tax receipts.

The Department of Revenue indicated that the retailer remittance credits would be expected to reduce total state sales tax receipts by \$14.25 million in FY 2014. The indirect purchases exemptions, which would begin in FY 2015, would reduce overall state sales and use tax receipts but would enable the state to reduce expenditures by an even greater amount (to the extent that the current application to the affected purchases includes local as well as local sales taxes). The following table summarizes some of the fiscal analysis provided by the Department of Revenue and Division of the Budget:

(\$ in millions)

	Indirect Purchases Sales Tax Exemption Provisions					Retailer Credits			Exhibit:
	SGF	SHF	Receipts Total	Expenditures All Funds	Net All Funds	SGF	SHF	Total	SGF Receipts Total
FY 2014	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ (11.625)	\$ (2.625)	\$ (14.250)	\$ (11.625)
FY 2015	(22.853)	(5.160)	(28.013)	36.001	7.988	(12.066)	(2.724)	(14.790)	(34.918)
FY 2016	(23.709)	(5.354)	(29.063)	37.352	8.289	(12.514)	(2.826)	(15.340)	(36.578)
FY 2017	(24.599)	(5.554)	(30.153)	38.752	8.599	(12.979)	(2.931)	(15.910)	(37.578)
FY 2018	(25.521)	(5.763)	(31.284)	40.205	8.921	(13.469)	(3.041)	(16.510)	(38.990)
<b>5-yr Total</b>	<b>(96.682)</b>	<b>(21.831)</b>	<b>(118.513)</b>	<b>152.310</b>	<b>33.797</b>	<b>(62.653)</b>	<b>(14.147)</b>	<b>(76.800)</b>	<b>(159.334)</b>