

Sales, Property, and Income Tax—Various Provisions; HB 2212

HB 2212 amends sales, property, and income tax provisions.

Sales Tax Provisions

In the Kansas Retailers' Sales Tax Act, the bill replaces a reference to the North Central Association of Colleges and Schools with a reference to its relevant successor organization, the Higher Learning Commission.

The bill also increases, as of January 1, 2018, the threshold filing amounts for retailers to submit sales taxes to the Department of Revenue. The bill increases the threshold amounts from \$80 to \$400 for annual filings, from \$3,200 to \$4,000 for quarterly filings, and from \$32,000 to \$40,000 for monthly filings.

The bill authorizes Marion County to impose, subject to the approval of voters, an additional local sales tax of 0.5 percent earmarked for property tax relief, economic development initiatives, and certain public infrastructure projects. Any such tax imposed is granted an exception from the normal countywide sales tax distribution formula that requires receipts to be shared with cities in the respective county.

Property Tax Provisions

The bill authorizes a property tax exemption for not more than ten calendar years for certain land, buildings, and personal property owned by a redevelopment authority and located within a former federal enclave when such property is leased to a business and used exclusively for manufacturing, research and development, or warehousing purposes. Qualified redevelopment authorities are authorized to file requests for exemption only with the approval of a board of county commissioners.

The bill expands a list of certain types of tax-exempt property whose owners are not required to seek approval from the State Board of Tax Appeals for the exemption to include property acquired by a land bank, recreational vehicles owned by full-time members of the military, and most property belonging to the federal government (other than any such federal property otherwise expressly declared by Congress to be subject to state and local taxation).

Additionally, the bill stipulates a property tax exemption for certain qualifying pipelines will not be applicable unless owners have filed an exemption request within two years of the date construction has commenced. This restriction applies to all requests for exemptions filed after June 30, 2017.

Income Tax Provision

The bill changes the due date for filing certain annual withholding tax forms from the last day of February to January 31.

Fiscal Effect of the Bill

The deceleration of certain sales tax remittances is expected to reduce sales tax receipts in FY 2018 by \$3.200 million. Of this amount, \$2.683 million is attributable to a reduction in State General Fund receipts, and \$0.517 million is attributable to a reduction in State Highway Fund receipts.