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MEMORANDUM

To: Madam Chair and Members of the Committee on Assessment and Taxation
From: Amelia Kovar-Donohue, Assistant Revisor
Date: March 7, 2019
Subject: Senate Bill No. 184

Summary

Senate Bill No. 184 enacts the food sales tax refund act commencing with tax year 2019 and sunsets the current income tax credit for certain taxpayers who purchased food in this state. The food sales tax refund act would annually allow a \$90 refund for each member of a household of a claimant having an income of \$17,500 or less, or a \$45 refund for each member of a household of a claimant having an income of more than \$17,500 but not more than \$35,000. The current income tax credit pursuant to K.S.A. 2018 Supp. 79-32,271 would expire with tax year 2018. The current credit is a nonrefundable credit of \$125 per exemption claimed on the taxpayer's federal income tax return, excluding dependents age 18 or over, for certain qualifying taxpayers whose federal adjusted gross income did not exceed \$30,615.

New Section 1 provides the name of the act, the food sales tax refund act.

New Section 2 provides definitions for purposes of the act. To qualify, a claimant must have a disability, be 55 years of age or older or have a dependent child under 18 residing at the person's homestead. A claimant also be a Kansas resident (residing in Kansas the entire year) whose Kansas qualifying income is \$35,000 or less.

New Section 3 states that the right to file a claim is personal to the claimant and does not survive the claimant's death, but such right may be exercised on behalf of a claimant by the legal guardian, conservator or attorney-in-fact.

New Section 4 subsection (a)(1) sets forth the income thresholds and refund amounts. Subsection (a)(2) provides that, alternatively, the refund may be allowed as a credit against the income tax liability of a resident individual. Subsections (b) and (c) provide the method to file an application for refund. Subsection (d) provides that the threshold income amounts and the amounts of refund or credit shall be increased annually by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code.

New Section 5 authorizes the division of taxation to make available forms and instructions for claimants and the secretary of revenue to adopt rules and regulations that may be necessary for the administration of the act.

New Section 6 requires every claimant to provide a valid social security number for each claimant, household member and dependent child and provide reasonable proof of eligibility.

New Section 7 sets forth consequences of fraudulent claims to include disallowance of the claim, an assessment to recover amounts paid plus interest, and a class B misdemeanor.

New Section 8 states that no claim for refund shall be allowed to any claimant who fails to provide valid social security numbers.

New Section 9 instructs the director of taxation to examine all claims for refunds and issue final determinations in the manner prescribed by K.S.A. 79-3226.

Section 10 amends K.S.A. 2018 Supp. 79-32,271 to sunset the income tax credit for certain individuals who purchased food in this state to end with tax year 2018.