

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2684

As Recommended by House Committee on
Taxation

Brief*

HB 2684 would provide a sales tax exemption for not-for-profit area agencies on aging. The exemption would apply to purchases made by these agencies and sales made by the agency.

Additionally, the bill would exempt purchases made by a contractor for the purpose of construction, maintaining, or remodeling facilities for agencies, if the purchase would be exempt if it were purchased by the agencies. The purchase of construction machinery, equipment, or tools used in the constructing, equipping, maintaining, repairing, or remodeling facilities would not be eligible for the exemption.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Carlin.

House Committee on Taxation

In the House Committee hearing on the bill, **proponent** testimony was provided by representatives of the Kansas Association of Area Agencies on Aging and Disabilities, the North Central-Flint Hills Area Agency on Aging, the Northwest Kansas Area Agency on Aging, and the Southeast Kansas Area Agency on Aging. The proponents generally said this bill

*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>

would create parity between the governmental and non-governmental rural area agencies on aging and exempting agencies from sales tax would allow those funds to be spent on other projects to help the aging population they serve.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue (Department) indicates passage of the bill would decrease state revenues in FY 2023 by \$130,000, with State General Fund revenues decreased by \$109,000 and the State Highway Fund by \$21,000. Passage of the bill is also estimated to decrease local sales tax revenues, but specific amounts were not calculated by the Department. Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; sales tax exemption; area agencies on aging; seniors; disabilities