
September 27, 2010

Scott Peterson
Executive Director
Streamlined Sales Tax Governing Board
4205 Hillsboro Pike, Suite 305
Nashville, TN 37215

Re: Kansas Response to Preliminary Report on 2010 Annual Recertification

Dear Mr. Peterson:

This letter responds to the Preliminary Report on 2010 Annual Recertification (Report) dated August 31, 2010 submitted by Scott Peterson and Pam Cook to the Compliance Review and Interpretations Committee of the Streamlined Sales Tax Governing Board. The Report notes the following as a potential compliance issue for Kansas: "The statute authorizes an additional 2% state tax in special redevelopment districts."

The introductory paragraph of K.S.A. 79-3603, the Kansas sales tax imposition statute, as recently amended by 2010 House Bill 2360, provides in part (relevant portion is bolded for emphasis):

For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 5.3%, and commencing July 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of 5.7%. **Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon**

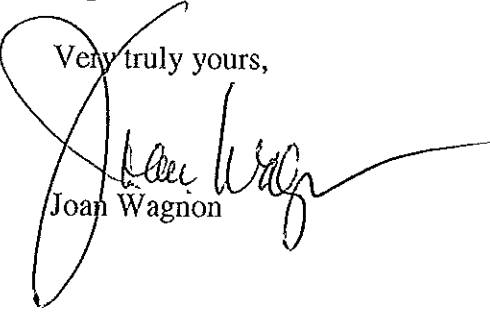
The language shown as bolded above was added to the imposition statute in 1998 (L. 1998, ch. 158, section 11) as a potential means to finance a proposed redevelopment project for the land that was formerly occupied by the Sunflower Ammunition Plant (a large Federal government ammunition production facility most active during World War II) located at DeSoto, Kansas. K.S.A. 74-8921 (referenced in the above language) and K.S.A. 74-8922 specifically refer to this particular redevelopment project. The

redevelopment project envisioned construction of a "Wizard of Oz" theme park on former ammunition plant property, after required and extensive environmental clean-up took place. Because of the large anticipated environmental clean-up costs, disputes as to the responsibility for those costs, and other financial difficulties, the redevelopment project never moved forward. The additional 2% redevelopment district sales tax referenced in K.S.A. 79-3603 was never implemented.

We do not believe that the bolded language shown above in our imposition statute, K.S.A. 79-3603, presents a compliance issue or conflict with the Streamlined Sales and Use Tax Agreement and in particular, Section 308 A., which provides in relevant part that no "member state shall have multiple state sales and use tax rates on items of personal property or services." Kansas has only one state sales tax rate in place, which is currently 6.3%. In addition, even if such a redevelopment district sales tax were in existence, it would be imposed only within the authorized redevelopment district and would apply to all taxable sales of personal property or services sourced to that district. It would be administered essentially the same as a local sales tax imposed within a particular district on all taxable transactions sourced to that district. To eliminate this as a potential issue in the future, however, the Department will propose to the Kansas Legislature that the bolded language shown above in K.S.A. 79-3603 be stricken.

If any additional information is needed concerning this issue, we will be pleased to provide it.

Very truly yours,


Joan Wagnon