

February 12, 2014

The Honorable Richard Carlson, Chairperson  
House Committee on Taxation  
Statehouse, Room 185-N  
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2557 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2557 is respectfully submitted to your committee.

HB 2557 would allow a taxpayer who files a return on time and pays the tax due on the return to not be assessed a penalty if it is later determined that additional taxes are due. The taxpayer would be required to pay the additional taxes within 30 days of the notice that additional tax liability is due. The bill would take effect in tax year 2014.

Estimated State Fiscal Effect				
	FY 2014 SGF	FY 2014 All Funds	FY 2015 SGF	FY 2015 All Funds
Revenue	--	--	(\$500,000)	(\$500,000)
Expenditure	--	--	\$156,700	\$156,700
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2557 would decrease State General Fund revenues by \$500,000 in FY 2015 and each future fiscal year. The Department indicates penalty assessments collected from sales, individual, and corporate income tax returns that were adjusted in year 2013 generated about \$500,000.

The Department of Revenue indicates that it would require \$156,700 from the State General Fund in FY 2015 for the costs associated with updating forms and instructions and to modify the automated tax system. The required programming for this bill by itself (3,440 hours in in-house programming and 1,760 hours of implementation) would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill

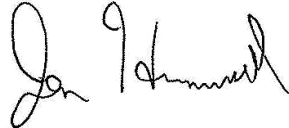
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and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2557 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive, flowing style.

Jon Hummell,  
Interim Director of the Budget

cc: Steve Neske, Revenue