

# STATE OF KANSAS

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GOVERNOR JEFF COLYER, M.D.  
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 7, 2018

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2554 by Representative Deere

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2554 is respectfully submitted to your committee.

HB 2554 would provide a sales tax exemption for the Brothers in Blue Re-entry Program, Inc., for the purpose of providing a cognitive, faith-based curriculum that prepares inmates for re-entry into the community. The bill would exempt from sales tax all sales of tangible personal property or services purchased by or on behalf of the Brothers in Blue Re-entry Program, Inc.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	(\$23,000)	(\$27,000)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2554 would decrease state revenues by \$27,000 in FY 2019. Of that total, the State General Fund is estimated to decrease by \$23,000, while the State Highway Fund is estimated to decrease by \$4,000. This bill is also estimated to decrease local sales tax revenues by \$10,000 in FY 2019. The Department of Revenue indicates that the bill would have a similar fiscal effect in future fiscal years. According to the Department of Revenue, reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,200 from the State General Fund in FY 2019.

The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would provide a net reduction to local sales tax collections that are used in part to finance local governments. Any fiscal effect associated with HB 2554 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell  
Chief Budget Officer

cc: Lynn Robinson, Department of Revenue  
Ben Cleeves, Transportation  
Chardae Caine, League of Municipalities  
Melissa Wangemann, Association of Counties