

# STATE OF KANSAS

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

March 5, 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 2654 by Representative Hodge

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2654 is respectfully submitted to your committee.

HB 2654 would create a new income tax credit for 20.0 percent of the amount expended by a member institution of the Kansas Collegiate Athletic Conference to construct a health or education facility in tax years 2018, 2019, and 2020. Any unused tax credits would be allowed to be carried forward until the taxpayer has enough tax liability in order to claim the tax credit. The bill would allow the tax credits to be transferred to another taxpayer that has Kansas tax liability as long as the Director of Taxation at the Department of Revenue is notified of the transfer. The Department of Revenue would have the authority to adopt rules and regulations to implement the bill.

The Department of Revenue indicates that it does not have information on the costs that could be expended by a member institution of the Kansas Collegiate Athletic Conference to construct a health or education facility; therefore, it is unable to provide the estimate of the fiscal effect of HB 2654. The full and associate members of the Kansas Collegiate Athletic Conference are Bethany College, Bethel College, Friends University, Kansas Wesleyan, McPherson, Oklahoma Wesleyan, Ottawa University, Southwestern College, Sterling College, Tabor College, University of Saint Mary, York College, Benedictine College, Clarke College, Columbia College, Johnson & Wales University, Midland, Missouri Valley College, St. Ambrose University, and University of Jamestown.

The Department indicates that the bill would require \$100,876 from the State General Fund in FY 2019 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation

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exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Board of Regents indicates the bill would not have a fiscal effect on higher education institutions within the Board of Regents system because they are not members of the Kansas Collegiate Athletic Conference. Any fiscal effect associated with HB 2654 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: Kelly Oliver, Board of Regents  
Lynn Robinson, Department of Revenue  
Glenda Haverkamp, Insurance