

January 30, 2017

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 341-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 67 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 67 is respectfully submitted to your committee.

Under current law, state chartered banks are allowed to use the Historic Preservation Tax Credit to offset their privilege tax liability by renovating a historic building that they own. SB 67 would amend the State Banking Code to allow state chartered banks to buy the Historic Preservation Tax Credit on the secondary market. The bill would limit state chartered banks from purchasing and holding tax credits that exceed 25.0 percent of their total of capital stock, surplus, undivided profits, allowance for loan and lease losses, capital notes and debentures, and reserve for contingencies.

The Department of Revenue estimates SB 67 has the potential to reduce privilege tax revenues by allowing state chartered banks to purchase and hold the Historic Preservation Tax Credit; however, the reduction in privilege tax revenues are estimated to be negligible. The Department of Revenue indicates that all banks, savings and loans, and trust companies are estimated to pay privilege taxes totaling \$39.0 million in FY 2018 and \$40.0 million in FY 2019 and only a small fraction of would be offset by state chartered banks purchasing the Historic Preservation Tax Credit. The bill would not affect the overall amount of tax credits that can be claimed each year, but could change the way that these tax credits could be claimed by individual, corporate, and privilege taxpayers.

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The Office of the State Bank Commissioner indicates that the bill would have no fiscal effect on its operations. The Historical Society indicates that it currently administers the Historic Preservation Tax Credit; however, the changes proposed in the bill would have no fiscal effect on the administration of this tax credit. Any fiscal effect associated with SB 67 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Judi Stork, Banking
Jack Smith, Department of Revenue
Matthew Chappell, Historical Society