

March 1, 2021

The Honorable Adam Smith, Chairperson  
House Committee on Taxation  
Statehouse, Room 185A-N  
Topeka, Kansas 66612

Dear Representative Smith:

**SUBJECT:** Fiscal Note for HB 2358 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2358 is respectfully submitted to your committee.

HB 2358 would provide a sales tax exemption for nonprofit integrated community care organizations. To receive the sales tax exemption, the nonprofit integrated community care organization would be required to be exempt from federal income taxes, certified to participate in the Medicare Program as a hospice, and approved by the Kansas Department for Aging and Disability Services.

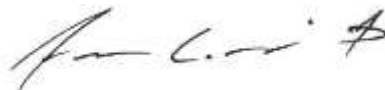
Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	(\$78,000)	(\$93,000)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2358 would decrease state revenues by \$93,000 in FY 2022. Of that total, the State General Fund is estimated to decrease by \$78,000 in FY 2022, while the State Highway Fund is estimated to decrease by \$15,000 in FY 2022. This bill is also estimated to decrease local sales tax revenues by \$38,000 in FY 2022. The Department of Revenue indicates that this provision would have a similar fiscal effect in future fiscal years.

The Department indicates that there is one known organization that would meet the definition of a nonprofit integrated community care organizations and would qualify for this sales tax exemption. 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 2022.

The Kansas Department of Transportation indicates that the bill would reduce state revenues to the State Highway Fund, as noted above. 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 2358 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Ben Cleeves, Transportation  
Wendi Stark, League of Municipalities  
Jay Hall, Association of Counties