

January 31, 2018

The Honorable Don Schroeder, Chairperson  
House Committee on Agriculture and Natural Resources Budget  
Statehouse, Room 149-S  
Topeka, Kansas 66612

Dear Representative Schroeder:

**SUBJECT:** Fiscal Note for HB 2546 by Representative Schroeder, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2546 is respectfully submitted to your committee.

Current law requires that on each July 1, a transfer from the State General Fund to the State Fair Capital Improvements Fund of an amount equal to, but not to exceed \$300,000, the amount certified to be transferred on June 30 from the State Fair Fee Fund to the State Fair Capital Improvements Fund. For FY 2018 and FY 2019, the amount of that transfer could not exceed \$100,000. HB 2546 would eliminate the transfer from the State General Fund to the State Fair Capital Improvements Fund. The bill would require all state sales tax collected by the Kansas State Fair on gross receipts received from the sale of tickets for gate admissions, grandstand concerts, and events and remitted by the General Manager of the Kansas State Fair to the State Treasurer be deposited to the credit of the State Fair Capital Improvements Fund.

According to the State Fair, enactment of HB 2546 would eliminate the statutory \$100,000 transfer from the State General Fund to the State Fair Capital Improvements Fund in FY 2019. At a rate of 6.5 percent, the State Fair collected \$136,612 in state sales tax in FY 2017. Under current law, that amount allowed distributions of approximately \$114,544 to the State General Fund and \$22,068 to the State Highway Fund. Enactment of HB 2546 would result in a similar amount paid to the State Treasurer being returned to the State Fair Capital Improvements Fund, resulting in an increase in FY 2019 revenues to the State Fair of \$136,612, for a net increase to the agency of \$36,612. The revenue to the State General Fund would be reduced by a net total of \$14,544, due to the elimination of the \$100,000 transfer from the State General Fund and the diversion of \$114,544 in estimated state sales tax revenues from the State General Fund to the State Fair Capital Improvements Fund. In addition, the bill would divert approximately \$22,068 in state sales tax revenue from the State Highway Fund to the State Fair Capital Improvements Fund. The agency

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Page 2—HB 2546

indicates that compared to the maximum \$300,000 statutory transfer possible, however, enactment of HB 2546 could result in a loss of revenue to the agency of approximately \$163,388.

Due to confidentiality laws, the Kansas Department of Revenue cannot release the sales tax remittance amounts of the Kansas State Fair, as it is considered a single taxpayer. Thus, the agency report for the fiscal effect of HB 2546 only includes the estimated cost to the Department of \$1,200 for revision of publications and modification of accounting software to accommodate the change. Any fiscal effect associated with HB 2546 is not reflected in *The FY 2019 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: Susan Sankey, State Fair  
Lynn Robinson, Department of Revenue