

March 6, 2012

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2617 by House Committee on Vision 2020

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2617 is respectfully submitted to your committee.

HB 2617 would require anyone who sells or leases a product of which the storage, use, or consumption is subject to taxation under the Kansas Compensating Tax Act or the Kansas Retailer's Sales Tax Act, but has not collected the tax, to file an annual report with the Division of Taxation. The report would be due by December 31 of each year and would identify the purchasers, each purchaser's billing address, and the total dollar amount of all of purchases made by each purchaser in the preceding year. If the total amount of sales or leases made or delivered into the state is less than \$50,000, no report would be required. When a report is required, only sales in excess of \$100 per purchaser would be required to be reported.

Businesses registered for the sales and compensating use tax would not be required to file the report. Failure to file the report would result in a fine of no more than \$10,000. The bill outlines the appeals process and confidentiality requirements related to these provisions. The Department would be required to mail each purchaser a statement providing the name(s) of the seller, the total dollar amount of purchases made, and the amount of tax owed by March 1 of each year.

The bill would also create the Kansas Scholarship Fund for the purpose of providing scholarships for graduate students of Kansas high schools who are attending a state educational institution. The bill would also create the Kansas Technology Investment Fund for technology investments at state educational institutions. Both funds would be administered by the Kansas Board of Regents.

The funding collected from the provision of HB 2617 would be deposited as follows:

1. 40.0 percent to the Local Ad Valorem Tax Reduction Fund;

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2. 40.0 percent to the State School District Finance Fund;
3. 10.0 percent to the Kansas Scholarship Fund;
4. 5.0 percent to the Infrastructure Maintenance Fund; and
5. 5.0 percent to the Kansas Technology Investment Fund.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$14,850
FTE Pos.	--	--	--	--

The Department of Revenue indicates that HB 2617 could increase revenue from use tax collections if out-of-state retailers complied with the provisions. However, the Department anticipates that no out-of-state retailers would comply. The Department estimates that the bill would increase expenditures by \$14,850 in FY 2013 to develop a billing letter and implement modifications to publications and computer systems. Any fiscal effect associated with HB 2617 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Kelly Oliver, Board of Regents
Derek Kreifels, Treasurer's Office