

February 22, 2011

The Honorable Les Donovan, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 123-E
Topeka, Kansas 66612

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 177 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 177 is respectfully submitted to your committee.

SB 177 would extend the statute of limitations for sales and use tax refund claims from one year to three years from the due date on the return. The bill would be effective for sales and use tax refund claims beginning on July 1, 2011.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$28,200	\$28,200
FTE Pos.	--	--	--	--

The Department of Revenue indicates SB 177 would allow businesses to have a longer period of time to apply for and to receive sales and use tax refunds, which has the potential to increase the number and amount of refunds issued by the Department. The Department expects that the amount of refunds issued would increase because the three-year period would allow businesses and consultants more time to research and identify potential refund claims and that businesses would be able to file refund claims for prior years that they could not apply for under the current one-year limitation. The Department indicates that the increase in sales and use tax refunds would provide a negligible decrease in state revenue to the State General Fund and the State Highway Fund in FY 2012. This bill would also provide a negligible decrease in local sales tax revenues in FY 2012.

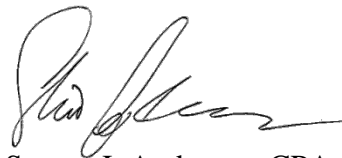
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The Department of Revenue indicates the bill would require \$28,200 from the State General Fund in FY 2012 for administrative costs to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with SB 177 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

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

cc: Steve Neske, Revenue