

STATE OF KANSAS

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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 19, 2018

The Honorable Steven Johnson, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2770 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2770 is respectfully submitted to your committee.

HB 2770 would provide a sales tax exemption for the Ellis County Historical Society for the construction, maintenance, repairing, enlarging, furnishing, or remodeling of the Ellis County Courthouse. The sales tax exemption would be extended to any contractor hired for this project by the Ellis County Historical Society. The bill includes reporting requirements for contractors and penalties for the use of the sales tax exemption that is determined to not be part of this project which would be punishable as a misdemeanor.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	(\$8,175)	(\$9,750)
Expenditure	--	--	\$1,800	\$1,800
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2770 would decrease state revenues by \$9,750 in FY 2019. Of that total, the State General Fund is estimated to decrease by \$8,175, while the State Highway Fund is estimated to decrease by \$1,575. This bill also is estimated to decrease local sales tax revenues by \$3,375 in FY 2019. According to the Department of Revenue, reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,800 from the State General Fund in FY 2019.

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The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

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 2770 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Chief Budget Officer

cc: Lynn Robinson, Department of Revenue
Ben Cleaves, Transportation
Chardae Caine, League of Municipalities
Melissa Wangemann, Association of Counties