

SESSION OF 2018

SUPPLEMENTAL NOTE ON SENATE BILL NO. 415

As Amended by House Committee of the Whole

Brief*

SB 415 would divert a portion of state sales tax collections by the Kansas State Fair (Fair) and retailers on the fairgrounds from the State General Fund (SGF) to the State Fair Capital Improvements Fund (SFCIF), effective July 1, 2018. Current law allocates 83.846 percent of such collections to the SGF and 16.154 percent to the State Highway Fund (SHF). The SFCIF would begin receiving the SGF's relative portion of the Fair-related collections. The diversion provisions would expire if the Fair were to be located outside the city limits of Hutchinson.

The bill would also repeal a statutory transfer from the SGF to the SFCIF. Current law sets that transfer at not more than \$100,000 per year for FY 2018 and FY 2019 and not more than \$300,000 per year in subsequent years.

Background

The bill was introduced by the Senate Committee on Ways and Means. In the Senate Committee on Assessment and Taxation hearing on March 7, representatives of the Kansas Department of Agriculture (Department) and the Fair appeared as proponents, citing the inability of the Fair to maintain some of its facilities in the wake of enacted reductions to the SGF transfer amount in recent years. No other testimony was provided. The bill, as introduced, would have diverted all Fair sales tax collections (SGF and SHF portions) to the SFCIF.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

On March 13, the Senate Committee amended the bill to hold the SHF collections harmless relative to current law. On March 29, the Senate Committee of the Whole added the language that would sunset the diversion provision should the Fair not be located within the city limits of Hutchinson.

On April 5, the House Committee on Taxation added a provision that otherwise would sunset the revenue diversion after ten years. On April 28, the House Committee of the Whole removed this ten-year sunset provision.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would be expected to divert \$350,000 per year in state sales tax collections beginning in FY 2019. Of this amount, \$293,461 would represent a reduction in SGF receipts and \$56,539 would represent a reduction in SHF receipts. Transfers from the SGF would also be reduced by \$100,000 for FY 2019, relative to the amount reflected in *The FY 2019 Governor's Budget Report*. The net impact on the SGF would be a reduction of \$193,461 in receipts. The SFCIF would have a net increase of an identical amount under the Senate Committee on Assessment and Taxation amendment. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2019 Governor's Budget Report*.