

January 30, 2019

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2006 by Representative Williams

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2006 is respectfully submitted to your committee.

HB 2006 would require the Department of Commerce to establish a database for the purpose of disclosing information on economic development incentive programs. "Economic development incentive program" would be defined to include certain income tax credits and locally-granted property tax exemptions in addition to various programs administered directly by the Department.

In regard to economic development incentives, the Department would be required to provide data on most programs providing more than \$50,000 in annual incentives and make the information available to the public in a digital format. The information would be required to be available for multiple years and be searchable and available on the Internet. The database would contain names and addresses of recipients receiving sales tax and revenue (STAR) bond benefits, as well as names of principals and officers for each STAR bond project developer; annual amount of incentives claimed and distributed to each recipient; qualification criteria for each economic development program; and required benchmarks for participation. Additional descriptive information would be required to include the history of each program; its purpose and goals; current applications; the program cost and return on investment; annual reports; and the amount of incentives by county. However, information on the economic development incentive programs would not be disclosed if disclosure would violate any federal law or confidentiality provisions of agreements executed prior to July 1, 2019; or if the Secretary of Commerce determines disclosure would be detrimental to the development of a STAR bond project.

Existing taxpayer confidentiality provisions would be modified to allow the Secretary of Revenue to disclose certain income and privilege tax credit information to the Department of Commerce, except that certain social and domestic tax credits would be excluded from the bill's provisions, including adoption credits; earned income tax credits; food sales tax credits; child and dependent care tax credits; and homestead property tax refund credits.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	--
Expenditure	\$59,813	\$59,813	\$44,550	\$44,550
FTE Pos.	--	1.00	--	0.60

The Department of Commerce anticipates that it would need an additional 1.00 FTE position and salaries and wages expenditures of \$59,813 from the State General Fund in FY 2019 to collect and report the information required in the bill. For FY 2020 and subsequent years, the Department would require an additional 0.60 FTE position and salaries and wages expenditures of \$44,550 to collect and report the information. Any fiscal effect associated with HB 2006 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Sherry Rentfro, Commerce
Lynn Robinson, Department of Revenue
Chardae Caine, League of Municipalities
Jay Hall, Association of Counties