



Larry L. Campbell, Director

Laura Kelly, Governor

March 6, 2020

REVISED

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

Dear Representative Johnson:

SUBJECT: Revised Fiscal Note for HB 2543 by House Committee on Taxation

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2543 is respectfully submitted to your committee.

HB 2543 would change the definition of alternative fuel for the alternative-fuel tax credit to include fuel containing at least 15.0 percent ethanol or methanol, or 10.0 percent biodiesel.

Estimated State Fiscal Effect				
	FY 2020 SGF	FY 2020 All Funds	FY 2021 SGF	FY 2021 All Funds
Revenue	--	--	(\$5,000,000)	(\$5,000,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Department of Revenue indicates HB 2543 would decrease State General Fund revenues by \$5.0 million in FY 2021 and in each future fiscal year by allowing additional types of fuel to qualify for the alternative-fuel tax credit. Since the original fiscal note was issued, the Department of Revenue received additional data from the Kansas Petroleum Marketers Association and the Renew Kansas Biofuels Association and revised the estimated fiscal effect of the bill. The Kansas Petroleum Marketers Association indicates there are 1,249 fuel retailers in the state and the Renew Kansas Biofuels Association estimates that 10.0 percent of fuel retailers would participate in this tax credit with an average tax credit amount of \$40,000 per retailer. Based on the industry data, the estimated annual impact would be a reduction of \$5.0 million (\$40,000 x

125 fuel retailers). The Department indicates that the administrative costs to change forms, instructions, and publications are estimated to be negligible and could be absorbed within existing resources.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is written in a cursive style with a large initial "L" and a smaller "L" followed by "Campbell".

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Ben Cleeves, Transportation