

February 24, 2020

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2639 by Representative Waggoner

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2639 is respectfully submitted to your committee.

HB 2639 would provide a sales tax exemption to crisis pregnancy centers including those crisis pregnancy centers that offer free pregnancy and counseling services to individuals.

The Department of Revenue is unable to provide an estimate of the fiscal effect of HB 2504 because it unknown how many organizations would qualify for this new sales tax exemption under the term "crisis pregnancy center" which is not defined in the bill. The new sales tax exemption would result in less state revenues to the State General Fund and State Highway Fund and local governments would receive less local sales tax revenue. The Department reviewed the directory of available services for pregnant women published by the Kansas Department of Health and Environment (KDHE). Without a definition, it is unclear if all or only a portion of the listed service providers in the 53-page booklet would be eligible for this exemption. KDHE also notes that inclusion in the directory is voluntary, so other eligible providers may be available in the state that could qualify for this sales tax exemption. According to the Department of Revenue, reissuing sales tax publications would cost \$1,200 from the State General Fund in FY 2021.

The Kansas Department of Transportation indicates that the bill would reduce state revenues to the State Highway Fund, as noted above. 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 2639 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Jay Hall, Association of Counties
Lynn Robinson, Department of Revenue
Trey Cocking, League of Municipalities
Ben Cleaves, Transportation