

March 23, 2011

The Honorable Richard Carlson, Chairperson  
House Committee on Taxation  
Statehouse, Room 274-W  
Topeka, Kansas 66612

Dear Representative Carlson:

**SUBJECT:** Fiscal Note for HB 2238 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2238 is respectfully submitted to your committee.

HB 2238 would place new responsibilities with the Legislative Research Department. The bill would require the Director of Legislative Research to prepare an economic impact statement for any bill or other matter under legislative consideration upon the request of certain legislative leaders, including the chairperson of the committees responsible for appropriations or taxation.

HB 2238 requires the statement to include:

1. The economic impact of the bill on the Kansas economy;
2. Whether the bill is mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program and whether the bill meets or exceeds the federal legal requirements;
3. A description of the bill's cost estimate, the persons and the state agencies bearing the costs; and
4. Economic analyses of the bill's effects on significant economic indicators, including projected growth and inflation factors in the short-term and long-term, in conjunction with the characteristics of current economic factors that are significant in the Kansas economy, and the impact of selected economic indicators that are specified in the request.

The Director of Legislative Research would be directed to exercise informed, independent professional judgment and would have the assistance of qualified professional staff in the Legislative Research Department and other state agencies, as determined appropriate, to prepare the economic impact statements. Widely accepted econometric techniques, including dynamic scoring, may be used to assist in the preparation of the economic impact statements and

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the Director may consult with other state agencies, cities, counties, school districts or other local governmental agencies when preparing the economic statement. A copy of the current economic impact statement on a bill or other matter is to be available from the Research Department upon request.

The Director may request assistance from the Director of the Budget, the Secretary of Revenue, and any other state agency. State agencies are directed to cooperate with the Director's request for assistance in preparing economic impact statements, including any supplemental or revised statement. The statement must include a reliable estimate of the anticipated changes in the Kansas economy and the revenues and expenditures of the state. It also must include, if determinable or reasonably foreseeable, of the immediate and long-range economic impact of the bill or other matter upon persons subject to the bill and the general public. If after careful investigation or analysis it is determined a reliable monetary cost estimate is not possible, the statement must set forth the reasons why no estimate can be prepared.

The Director would also review and prepare an update for each fiscal note prepared by the Division of the Budget for a bill which has changes recommended or adopted. Such updated fiscal note would be requested by legislative leadership and made available upon request. Agencies, including the Division of the Budget and Department of Revenue, are directed to cooperate. The bill directs the legislative committees of the Senate and House, the Executive Branch and the entire Legislature to use the economic impact statements in addition to fiscal notes in the deliberation and analysis of proposed tax and economic development legislation.

Information regarding the fiscal effect of HB 2238 was requested of the Legislative Research Department. No information has been received yet. For similar bills introduced in past sessions, KLRD has reported adding duties such as those outlined in this bill would require additional staff be added to the agency, as well as funding for an economic model, data sets, continuing education, travel and subsistence, office supplies and incidental expenses in support of the new positions. If any specific fiscal effect estimate is provided, a revised fiscal note will be issued. It is assumed that agencies required by the bill to cooperate or assist KLRD would do so with existing resources. Any fiscal effect associated with HB 2238 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Steve Neske, Revenue  
Alan Conroy, Legislative Research