



March 22, 2013

The Honorable Richard Carlson, Chairperson
 House Committee on Taxation
 Statehouse, Room 285-N
 Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2327 by Representative Sawyer, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2327 is respectfully submitted to your committee.

Under current law, tax year 2012 is the last tax year that an eligible taxpayer would be allowed to claim the Food Sales Tax Refund on their Kansas individual income tax return. HB 2327 would reinstate the Food Sales Tax Refund for tax year 2013 and in each future tax year.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	(\$53,000,000)	(\$53,000,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2327 would decrease State General Fund revenues by \$53.0 million in FY 2014 and in each future fiscal year. The decrease in revenues and how the November 6, 2012 consensus revenue estimate for FY 2014 would be affected are shown in the following table:

Effect on FY 2014 Consensus Revenue Estimates
 (Dollars in Thousands)

Receipt Description	Consensus Revenue Estimates (Nov. 6, 2012)	Change in Revenue FY 2014	Proposed Adjusted CRE FY 2014
Motor Carrier	\$ 39,000	\$ --	\$ 39,000

The Honorable Richard Carlson, Chairperson

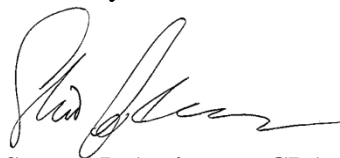
March 22, 2013

Page 2—HB 2327

Income Taxes:			
Individual	2,385,000	(53,000)	2,332,000
Corporate	360,000	--	360,000
Financial Institutions	30,000	--	30,000
Excise Taxes:			
Retail Sales	1,952,000	--	1,952,000
Compensating Use	303,000	--	303,000
Cigarette	92,000	--	92,000
Corporate Franchise	6,000	--	6,000
Severance	137,400	--	137,400
All Other Excise Taxes	99,600	--	99,600
Other Taxes	<u>151,500</u>	<u>--</u>	<u>151,500</u>
Total Taxes	\$5,555,500	(\$ 53,000)	\$5,502,500
Other Revenues:			
Interest	\$ 9,700	\$ --	\$ 9,700
Transfers	(155,900)	--	(155,900)
Agency Earnings	<u>55,000</u>	<u>--</u>	<u>55,000</u>
Total Other Revenues	(\$ 91,200)	\$ --	(\$ 91,200)
Total Receipts	\$5,464,300	(\$ 53,000)	\$5,411,300

To formulate these estimates, the Department of Revenue reviewed data on the Food Sales Tax Refund. The Department indicates that the claim form and instructions for the Food Sales Tax Refund are currently available for tax year 2012 and could be updated for tax year 2013 within existing resources if HB 2327 is passed. The bill would require the Department to review and process Food Sales Tax Refund claims in FY 2014. If the Department determines that the costs associated with reviewing and processing Food Sales Tax Refund claims in FY 2014 cannot be absorbed within existing resources, a revised fiscal note will be prepared. Any fiscal effect associated with HB 2327 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



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

cc: Steve Neske, Revenue