

February 6, 2018

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2593 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2593 is respectfully submitted to your committee.

HB 2593 would provide a sales tax exemption for Friends of JCDS, Inc. for any contractor hired for the construction, maintenance, repairing, enlarging, furnishing, or remodeling of facilities used for the operation of services for Friends of JCDS, Inc. The bill includes reporting requirements for contractors and penalties for the use of the sales tax exemption that is determined to not be part of this project which would be punishable as a misdemeanor. The Friends of JCDS, Inc. is a non-profit organization that provides affordable and accessible housing, assistance with basic needs, and other support programs for adults with disabilities in Overland Park, Kansas.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	(\$17,500)	(\$20,900)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2593 would decrease state revenues by \$20,900 in FY 2019. Of that total, the State General Fund is estimated to decrease by \$17,500, while the State Highway Fund is estimated to decrease by \$3,400. This bill also is estimated to decrease local sales tax revenues by \$9,100 in FY 2019. According to the Department of Revenue,

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reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,200 from the State General Fund in FY 2019.

The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

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 2593 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Ben Cleeves, Transportation
Chardae Caine, League of Municipalities
Melissa Wangemann, Association of Counties