

April 17, 2019

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2414 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2414 is respectfully submitted to your committee.

HB 2414 would provide a sales tax exemption for the Principle Foundation for the purpose of promoting inspired benevolence in accordance with the teachings of Christian Science, including administering charitable grants to Christian Scientists for needs such as rent, utilities, transportation, and natural disaster relief and providing an avenue for charitable giving and volunteer opportunities.

| Estimated State Fiscal Effect |                |                      |                |                      |
|-------------------------------|----------------|----------------------|----------------|----------------------|
|                               | FY 2019<br>SGF | FY 2019<br>All Funds | FY 2020<br>SGF | FY 2020<br>All Funds |
| Revenue                       | --             | --                   | (\$1,200)      | (\$1,430)            |
| Expenditure                   | --             | --                   | \$1,200        | \$1,200              |
| FTE Pos.                      | --             | --                   | --             | --                   |

The Department of Revenue estimates that HB 2414 would decrease state revenues by \$1,430 in FY 2020. Of that total, the State General Fund is estimated to decrease by \$1,200 in FY 2020, while the State Highway Fund is estimated to decrease by \$230 in FY 2020. This bill also is estimated to decrease local sales tax revenues by approximately \$570 in FY 2020. The Department of Revenue indicates that this provision would have a similar fiscal effect in future fiscal years. According to the Department of Revenue, reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,200 from the State General Fund in FY 2020.

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 2414 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large, sweeping initial "L".

Larry L. Campbell  
Director of the Budget

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