



March 13, 2023

The Honorable Caryn Tyson, Chairperson
 Senate Committee on Assessment and Taxation
 300 SW 10th Avenue, Room 548-S
 Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 300 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 300 is respectfully submitted to your committee.

SB 300 would reduce the privilege normal tax rate for banks, trust companies, and savings and loan associations as follows:

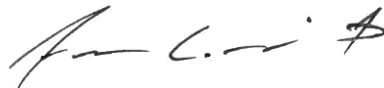
<u>Privilege Taxpayers</u>	<u>(Current Law)</u> <u>Tax Year 2023</u>	<u>Tax Year</u> <u>2024</u>	<u>Tax Year</u> <u>2025</u>
Banks	2.25 %	1.94 %	1.63 %
Trust Companies	2.25 %	1.93 %	1.61 %
Savings and Loan Associations	2.25 %	1.93 %	1.61 %

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$5,800,000)	(\$5,800,000)
Expenditure	--	--	\$123,354	\$123,354
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 300 would decrease State General Fund revenues by \$5.8 million in FY 2024, \$7.2 million in FY 2025, and \$7.4 million in FY 2026. To formulate these estimates, the Department of Revenue reviewed financial institutions privilege tax data from tax year 2020.

The Department indicates that the bill would require \$123,354 from the State General Fund in FY 2024 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with SB 300 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue