March 26, 2015

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

Dear Representative Kleeb:

SUBJECT:  Fiscal Note for HB 2309 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2309 is respectfully submitted to your committee.

HB 2309 would provide a sales tax exemption for the Rotary Club of Leawood, Kansas Charitable Fund, Inc., for the purpose of raising funds to contribute to charitable organizations. The bill would exempt from sales tax all purchases of tangible personal property and services made by or on behalf of the Rotary Club of Leawood, Kansas Charitable Fund, Inc.

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<th>Estimated State Fiscal Effect</th>
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<td>FY 2015</td>
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<tr>
<td>Revenue</td>
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<td>Expenditure</td>
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The Department of Revenue estimates that HB 2309 would decrease state revenues by $1,200 in FY 2016. Of that total, the State General Fund is estimated to decrease by $995 in FY 2016, while the State Highway Fund is estimated to decrease by $205 in FY 2016. This bill also is estimated to decrease local sales tax revenues by $300 in FY 2016. The fiscal effect to state and local revenues during subsequent years would be as follows:
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 2016.

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 2309 is not reflected in The FY 2016 Governor’s Budget Report.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
    Ben Cleeves, Transportation
    Larry Baer, League of Municipalities
    Melissa Wangemann, Association of Counties