

March 27, 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 2388 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2388 is respectfully submitted to your committee.

HB 2388 would provide a sales tax exemption for the Helping Hands Humane Society, Inc., for the purpose of providing sanctuary for and fostering the adoption of animals in need of compassionate care and protection. The bill would exempt from sales tax all purchases of tangible personal property and services made by or on behalf of the Helping Hands Humane Society, Inc.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	(\$8,293)	(\$10,000)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2388 would decrease state revenues by \$10,000 in FY 2016. Of that total, the State General Fund is estimated to decrease by \$8,293, while the State Highway Fund is estimated to decrease by \$1,707 in FY 2016. This bill also is estimated to decrease local sales tax revenues by \$2,500 in FY 2016. The fiscal effect to state and local revenues during subsequent years would be as follows:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
State General Fund	(\$8,604)	(\$8,926)	(\$9,261)	(\$9,608)
State Highway Fund	(1,771)	(1,838)	(1,907)	(1,978)
Local Governments	<u>(2,594)</u>	<u>(2,691)</u>	<u>(2,792)</u>	<u>(2,897)</u>
	(\$12,969)	(\$13,455)	(\$13,960)	(\$14,483)

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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 2388 is not reflected in *The FY 2016 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: Jack Smith, Department of Revenue
Ben Cleeves, Transportation
Larry Baer, League of Municipalities
Melissa Wangemann, Association of Counties