

STATE OF KANSAS

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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 19, 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 2776 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2776 is respectfully submitted to your committee.

HB 2776 would allow a taxpayer to receive a new non-refundable income tax credit for 70.0 percent of the total amount contributed to the Eisenhower Foundation beginning in tax year 2018. Individual income taxpayers would only be allowed to claim up to \$25,000 per tax year and corporation income taxpayers would only be able to claim \$50,000 per tax year. The total amount of the tax credit would be capped at \$350,000 for any fiscal year and any unused tax credits would not be allowed to be carried forward into future tax years.

| Estimated State Fiscal Effect | | | | |
|-------------------------------|----------------|----------------------|----------------|----------------------|
| | FY 2018 SGF | FY 2018 All Funds | FY 2019 SGF | FY 2019 All Funds |
| Revenue | -- | -- | (\$350,000) | (\$350,000) |
| Expenditure | -- | -- | \$56,400 | \$56,400 |
| FTE Pos. | -- | -- | -- | -- |

The Department of Revenue estimates that HB 2776 would decrease State General Fund revenues by \$350,000 in FY 2019. The Department of Revenue indicates that the bill would have a similar fiscal effect in future fiscal years. Eligible donations totaling \$500,000 to the Eisenhower Foundation would allow taxpayers to claim \$350,000 in tax credits, which is the maximum amount of tax credits that could be claimed in a fiscal year. The Eisenhower Foundation is in the process of a large capital campaign to finance the first full renovation of the Eisenhower Presidential Museum in over 45 years.

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The Department indicates that the bill would require \$56,400 from the State General Fund in FY 2019 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. However, 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 HB 2776 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Chief Budget Officer

cc: Lynn Robinson, Department of Revenue