

March 8, 2022

The Honorable Adam Smith, Chairperson
House Committee on Taxation
Statehouse, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2683 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2683 is respectfully submitted to your committee.

HB 2683 would provide a sales tax exemption to crisis pregnancy centers whose mission is to provide an array of social services related to pregnancy maintenance. Services of a crisis pregnancy center may include services provided to individuals who are unable to pay for the delivery or for pregnancy maintenance services; and adoption services, including education or information on adoption. The sales tax exemption would not apply to any group performing, promoting, referring for, or educating in favor of abortion. The sales tax exemption would become effective on July 1, 2022.

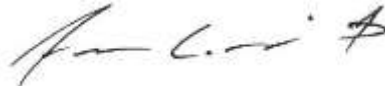
Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	(\$314,400)	(\$375,000)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2683 would decrease state revenues by \$375,000 in FY 2023. Of that total, the State General Fund is estimated to decrease by \$314,400 in FY 2023, while the State Highway Fund is estimated to decrease by \$60,600 in FY 2023. This bill also is estimated to decrease local revenues by \$125,000 in FY 2023.

To formulate these estimates, the Department of Revenue reviewed data from Kansans for Life. According to that organization, there are approximately 57 pregnancy resource centers in the state. Based on this amount and information provided by the centers, it is estimated that the state would annually forego about \$375,000 in state sales tax revenue and local governments would forego \$125,000 in local sales tax revenue statewide. According to the Department of Revenue, reissuing sales tax publications and forms would cost \$1,200 from the State General Fund in FY 2023.

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 2683 is not reflected in *The FY 2023 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
Brendan Yorkey, Department of Transportation
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties