

February 20, 2023

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2203 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2203 is respectfully submitted to your committee.

HB 2203 would provide a sales tax exemption to Sleep in Heavenly Peace, Inc. for the purpose of building and providing handmade, fully furnished beds to children who are sleeping on floors or places other than beds. The sales tax exemption would begin on July 1, 2023.

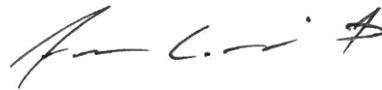
Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$1,550)	(\$1,850)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2203 would decrease state revenues by \$1,850 in FY 2024. Of that total, the State General Fund is estimated to decrease by \$1,550 in FY 2024, while the State Highway Fund is estimated to decrease by \$300 in FY 2024. This bill also is estimated to decrease local sales tax revenues by approximately \$650 in FY 2024. The Department of Revenue indicates that this bill would have a similar fiscal effect in future fiscal years. According to the Department of Revenue, reissuing sales tax publications and issuing tax entity exemption certificates would cost \$1,200 from the State General Fund in FY 2024.

The Kansas Department of Transportation indicates that the bill would reduce state revenues to the State Highway Fund as noted above. Any fiscal effect associated with HB 2203 is not reflected in *The FY 2024 Governor's Budget Report*.

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.

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 Kansas Municipalities
Jay Hall, Kansas Association of Counties