

February 3, 2025

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
300 SW 10th Avenue, Room 548-S  
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 109 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 109 is respectfully submitted to your committee.

SB 109 would provide a credit to retailers for the collection and remittance of sales and compensating use taxes. The credit would be equal to 1.5 percent of the sales tax remittance, with a cap of \$300 per retailer per month. The bill would specify that any retailer filing a consolidated return for sales and compensating use tax prior to January 1, 2025, would still be subject to the \$300 per retailer limitation, even if the retailer no longer files a consolidated return after that date. The bill would take effect on July 1, 2025.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$140,770	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$140,770	--
Revenues			
State General Fund	--	(\$49,200,000)	(\$49,700,000)
Fee Fund(s)	--	(10,800,000)	(10,900,000)
Federal Fund	--	--	--
Total Revenues	--	(\$60,000,000)	(\$60,600,000)
FTE Positions	--	--	--

The Department of Revenue estimates that SB 109 would reduce state revenues by \$60.0 million in FY 2026. Of this amount, State General Fund revenues are estimated to decrease by \$49.2 million, while State Highway Fund revenues are estimated to decrease by \$10.8 million. The fiscal effect to state revenues in subsequent years would be as follows:

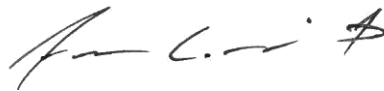
	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
State General Fund	(\$49,700,000)	(\$50,200,000)	(\$50,700,000)	(\$51,200,000)
State Highway Fund	<u>(10,900,000)</u>	<u>(11,000,000)</u>	<u>(11,100,000)</u>	<u>(11,200,000)</u>
Total	(\$60,600,000)	(\$61,200,000)	(\$61,800,000)	(\$62,400,000)

To formulate these estimates, the Department of Revenue reviewed data of actual sales tax collections from previous years. The Department indicates that it would require a total of \$140,770 from the State General Fund in FY 2026 to implement the bill and to modify the automatic tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, 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.

The Kansas Department of Transportation indicates that the bill would reduce State Highway Fund revenues as noted above. Any fiscal effect associated with SB 109 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that enactment of the bill would have no fiscal effect on local governments.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Jay Hall, Kansas Association of Counties  
Wendi Stark, League of Kansas Municipalities  
Brendan Yorkey, Department of Transportation