

February 27, 2025

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 2197 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2197 is respectfully submitted to your committee.

HB 2197 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, 2025.

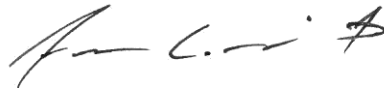
Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$1,340	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$1,340	--
Revenues			
State General Fund	--	(\$2,500)	(\$2,500)
Fee Fund(s)	--	(600)	(600)
Federal Fund	--	--	--
Total Revenues	--	(\$3,100)	(\$3,100)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2197 would decrease state revenues by \$3,100 in FY 2026. Of that total, State General Fund revenues are estimated to decrease by \$2,500, while State Highway Fund revenues are estimated to decrease by \$600. The bill is also estimated to decrease local sales tax revenues by approximately \$900. 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 \$1,340 from the State General Fund in FY 2026.

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 2197 is not reflected in *The FY 2026 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 C. Proffitt", followed by a stylized dollar sign symbol.

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