

April 29, 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 2388 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2388 is respectfully submitted to your committee.

HB 2388 would provide a sales tax exemption for purchases and sales made by the Friends of Cedar Crest Association, a nonprofit organization dedicated to the preservation, restoration, and enhancement of Cedar Crest.

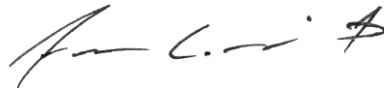
Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$1,340	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$1,340	--
Revenues			
State General Fund	--	(\$2,900)	(\$11,500)
Fee Fund(s)	--	(600)	(2,500)
Federal Fund	--	--	--
Total Revenues	--	(\$3,500)	(\$14,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2388 would reduce state revenues by \$3,500 in FY 2026. Of this amount, State General Fund revenues are estimated to decrease by \$2,900, while State Highway Fund revenues are estimated to decrease by \$600. In FY 2027, the bill would reduce state revenues by \$14,000, including \$11,500 from the State General Fund and \$2,500 from the State Highway Fund. The Department indicates that the higher estimate for FY 2027 is attributable to large-scale renovations that the organization plans to make during FY 2027. The reduction to state revenues in FY 2028 and subsequent fiscal years would remain at or slightly above the \$3,500 amount. The Department also estimates that the bill would reduce local sales tax revenues by \$1,500 per fiscal year.

The Kansas Department of Transportation indicates that the bill would reduce State Highway Fund revenues as noted above. Any fiscal effect associated with HB 2388 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties indicates that the bill has the potential to reduce local sales tax revenues. The Division of the Budget has requested fiscal effect information for this bill from the League of Kansas Municipalities and has not received a response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam C. Proffitt', followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

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