

April 7, 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 209 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 209 is respectfully submitted to your committee.

SB 209 would provide a sales tax exemption for all sales of firearms, firearm accessories, ammunition, firearm safes, and firearm safety devices. The exemption would take effect 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	--	(\$8,200,000)	(\$9,000,000)
Fee Fund(s)	--	(1,800,000)	(2,000,000)
Federal Fund	--	--	--
Total Revenues	--	(\$10,000,000)	(\$11,000,000)
FTE Positions	--	--	--

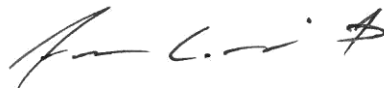
The Department of Revenue estimates that SB 209 would decrease state revenues by \$10.0 million in FY 2026 and \$11.0 million in FY 2027. Of that total, State General Fund receipts are estimated to decrease by \$8.2 million in FY 2026 and \$9.0 million in FY 2027. State Highway Fund receipts are estimated to decrease by \$1.8 million in FY 2026 and \$2.0 million in FY 2027. The fiscal effect to state revenues in subsequent years would be as follows:

	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
State General Fund	(\$9,200,000)	(\$9,200,000)	(\$9,300,000)
State Highway Fund	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,100,000)</u>
	(\$11,200,000)	(\$11,200,000)	(\$11,400,000)

To formulate these estimates, the Department of Revenue reviewed firearm industry data from 2023. It is assumed that the firearms related market in Kansas is a \$167.0 million industry, resulting in annual sales tax collections of \$11.0 million. According to the Department of Revenue, revising sales tax forms and publications would cost \$1,340 from the State General Fund in FY 2026. The Kansas Department of Transportation indicates that the bill would provide a net reduction of state revenues to the State Highway Fund, as noted above. Any fiscal effect associated with SB 209 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,



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