

February 15, 2012

The Honorable Les Donovan, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 123-E
Topeka, Kansas 66612

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 386 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 386 is respectfully submitted to your committee.

SB 386 would eliminate the Business and Job Development Tax Credit beginning in tax year 2012 and each future tax year. The bill would take effect upon its publication in the *Kansas Register*.

The Department of Revenue indicates that the Business and Job Development Tax Credit was intended to be repealed in SB 196 that was passed during the 2011 Legislative Session. However, language needed to repeal the tax credit was not included in the final draft of the legislation and this bill would correct that error. The fiscal effect of repealing this tax credit has already been factored into the consensus revenue estimate for FY 2013. If the tax credit is not repealed, then the fiscal effect would be a reduction of approximately \$2.5 million in State General Fund revenues.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue