

March 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 446 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 446 is respectfully submitted to your committee.

Under current law, the Historic Site Contribution Tax Credit for certain contributions for state-owned historic sites is set to sunset on June 30, 2012. SB 446 would remove the sunset provision and make the tax credit permanent.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	(\$200,000)	(\$200,000)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 446 would decrease State General Fund revenues by \$200,000 in FY 2013. The decrease in revenues and how the November 4, 2011 consensus revenue estimate for FY 2013 would be affected are shown in the following table:

Effect on FY 2013 Consensus Revenue Estimates
(Dollars in Thousands)

Receipt Description	Consensus Revenue Estimates (Nov. 4, 2011)	Change in Revenue FY 2013	Proposed Adjusted CRE FY 2013
Motor Carrier	\$ 21,000	\$ --	\$ 21,000

Income Taxes:			
Individual	3,065,000	(200)	3,064,800
Corporate	240,000	--	240,000
Financial Institutions	24,000	--	24,000
Excise Taxes:			
Retail Sales	2,200,000	--	2,200,000
Compensating Use	335,000	--	335,000
Cigarette	92,000	--	92,000
Corporate Franchise	6,000	--	6,000
Severance	102,800	--	102,800
All Other Excise Taxes	96,000	--	96,000
Other Taxes	<u>141,000</u>	<u>--</u>	<u>141,000</u>
Total Taxes	\$6,322,800	(\$ 200)	\$6,322,600
Other Revenues:			
Interest	\$ 7,400	\$ --	\$ 7,400
Transfers	(90,300)	--	(90,300)
Agency Earnings	<u>51,500</u>	<u>--</u>	<u>51,500</u>
Total Other Revenues	(\$ 31,400)	\$ --	(\$ 31,400)
Total Receipts	\$6,291,400	(\$ 200)	\$6,291,200

The fiscal effect to state revenues during subsequent years would be as follows:

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
State General Fund	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)

To formulate these estimates, the Department of Revenue reviewed data on the Historic Site Contribution Tax Credit. The Department indicates that this tax credit is capped at \$200,000 per fiscal year and the Department estimates that approximately \$200,000 in tax credits will be claimed in FY 2013 and each future fiscal year.

The Department of Revenue indicates the bill would require \$1,200 from the State General Fund for administrative costs to implement the bill and to modify the automated tax system. The required programming for this bill by itself (40 hours of in-house programming and implementation) would be performed by existing staff of the Department of Revenue. However, 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, expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Kansas Historical Society indicates that it currently administers the Historic Site Contribution Tax Credit. The agency indicates that the costs associated with continuing to administer this program would be negligible and could be absorbed within existing resources.

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The agency also indicates that the bill would allow state-owned historic sites to continue to receive donations for the restoration, preservation, or operation of historic sites. Any fiscal effect associated with SB 446 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

cc: Steve Neske, Revenue
Debbie White, Historical Society
Zac Anshutz, Insurance
Diane Bellquist, Banking