

January 28, 2013

The Honorable Richard Carlson, Chairperson  
House Committee on Taxation  
Statehouse, Room 285-N  
Topeka, Kansas 66612

Dear Representative Carlson:

**SUBJECT:** Fiscal Note for HB 2048 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2048 is respectfully submitted to your committee.

HB 2048 would provide a sales tax exemption for the Jackson County Fair Association, for the purpose of the construction, preservation, renovation, and beautification of the Jackson County Fair Association Fairground. The sales tax exemption would also be extended to any contractor hired by the Jackson County Fair Association and includes reporting requirements. The bill includes penalties for the use of the sales tax exemption that are determined to not be part of this project which would be punishable as a misdemeanor.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	(\$85,500)	(\$105,000)
Expenditure	--	--	\$1,000	\$1,000
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2048 would decrease state revenues by \$105,000 in FY 2014. Of that total, the State General Fund is estimated to decrease by \$85,500, while the State Highway Fund is estimated to decrease by \$19,500 in FY 2014. This bill would also have a negligible reduction in local sales tax revenues. The Department of Revenue indicates that the Jackson County Fair Association is in the process of relocating its fairgrounds with anticipated project costs of \$3.5 to \$4.0 million. The Department estimates that approximately half of the estimated project costs would be subject to the sales tax under current law. According to the Department of Revenue, reissuing sales tax publications would cost

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\$1,000. Any fiscal effect associated with HB 2048 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

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

cc: Steve Neske, Revenue  
Melissa Wangemann, KAC