

February 26, 2015

The Honorable Marvin Kleeb, Chairperson  
 House Committee on Taxation  
 Statehouse, Room 185-N  
 Topeka, Kansas 66612

Dear Representative Kleeb:

**SUBJECT:** Fiscal Note for HB 2127 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2127 is respectfully submitted to your committee.

HB 2127 would provide a sales tax exemption for the Friends of Hospice of Jefferson County, for the purpose to support the Jefferson County Hospice Agency in caring for Jefferson County families, friends, and neighbors during the end of life. The bill would exempt from sales tax all sales of entry or participation fees, charges or tickets, and tangible personal property that are auctioned at its fundraising event.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	(\$3,939)	(\$4,750)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2127 would decrease state revenues by \$4,750 in FY 2016. Of that total, the State General Fund is estimated to decrease by \$3,939, while the State Highway Fund is estimated to decrease by \$811 in FY 2016. This bill also is estimated to decrease local sales tax revenues by \$1,159 in FY 2016. The fiscal effect to state and local revenues during subsequent years would be as follows:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
State General Fund	(\$4,097)	(\$4,260)	(\$4,431)	(\$4,608)
State Highway Fund	(843)	(877)	(912)	(949)
Local Governments	<u>(1,205)</u>	<u>(1,253)</u>	<u>(1,303)</u>	<u>(1,355)</u>
	(\$6,145)	(\$6,390)	(\$6,646)	(\$6,912)

According to the Department of Revenue, reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,200 from the State General Fund in FY 2016.

The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

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. Any fiscal effect associated with HB 2127 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Ben Cleaves, Transportation  
Melissa Wangemann, Association of Counties  
Larry Baer, League of Municipalities  
Jack Smith, Department of Revenue