

February 10, 2017

The Honorable Les Osterman, Chairperson
House Committee on Veterans and Military
Statehouse, Room 149-S
Topeka, Kansas 66612

Dear Representative Osterman:

SUBJECT: Fiscal Note for HB 2147 by Representatives Victors and Highberger

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2147 is respectfully submitted to your committee.

HB 2147 would require the Department of Revenue to conduct a study to determine the extent of Native American veterans domiciled on tribal lands during periods of active military service that had state income taxes improperly withheld from their military income. The Department of Revenue would be required to do research beyond the statute of limitation on the amount of state income taxes improperly withheld and the number and identity of Native American veterans or survivors of those veterans. The bill requires the Department of Revenue to study the cost of implementing and administering a Native American Veterans' Income Tax Settlement Fund that would be used to fund settlement claims. The Department of Revenue would be required to report its findings, recommendations, and conclusions to the Legislature and the Governor on January 15, 2018.

The Department of Revenue indicates HB 2147 would have no direct fiscal effect on state revenues. However, the findings of the study could lead to legislation that could increase income tax refunds or allow settlement claims in the future.

The Department of Revenue indicates the bill would require \$228,000 from the State General Fund in FY 2018 for the administrative costs to implement the bill. This estimate includes one-time costs of \$15,000 for equipment purchases and workstation setup, and salary and wage costs of \$213,000 for 3.00 new FTE positions, including 1.00 Administrative Assistant FTE position, 1.00 Tax Specialist FTE position, and 1.00 Attorney FTE position. Any fiscal effect associated with HB 2147 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue