

March 28, 2022

The Honorable Adam Smith, Chairperson
House Committee on Taxation
Statehouse, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2739 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2739 is respectfully submitted to your committee.

HB 2739 would provide a sales tax exemption for the Friends of the Mentally Ill Foundation, Inc., for the purpose of providing goods and services to patients of Osawatomie State Hospital. The sales tax exemption would become effective on July 1, 2022.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	(\$235)	(\$280)
Expenditure	--	--	--	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2739 would decrease state revenues by \$280 in FY 2023. Of that total, the State General Fund is estimated to decrease by \$235 in FY 2023, while the State Highway Fund is estimated to decrease by \$45 in FY 2023. This bill also is estimated to decrease local revenues by \$120 in FY 2023. The Department indicates that similar results would also occur in future fiscal years. To formulate these estimates, the Department of Revenue reviewed data provided by the organization.

The Kansas Department of Transportation indicates that the bill would reduce state revenues to the State Highway Fund, as noted above. 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 2739 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties