

February 16, 2024

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2647 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2647 is respectfully submitted to your committee.

HB 2647 would create the Kansas Rural Downtown Revitalization Act. The purpose of the Act would be to revitalize downtown areas in rural Kansas towns and improve the quality of life in rural communities. The bill would also create the Rural Downtown Revitalization Fund to be administered by the Department of Commerce. The fund would be used to provide grants to eligible rural communities with a population of 40,000 or less. The grant would require a match of nonstate money based on a \$1 to \$1 basis. The source of the non-state money could be from private, local, or federal sources. The bill would also provide how communities would apply for grants under the Act.

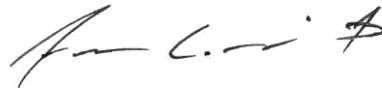
In addition, the bill would direct a transfer of \$2.0 million from the State General Fund to the Rural Downtown Revitalization Fund each fiscal year from July 1, 2024, to July 1, 2029. Beginning with the fiscal year ending June 30, 2025, the Department would be required to submit an annual report to the Legislature on the Act's effectiveness to revitalize the downtown areas in rural towns and improve the quality of life in rural communities. The Act would expire on July 1, 2030.

The Department of Commerce indicates HB 2647 would increase its expenditures by \$2.0 million in FY 2025 and FY 2026 and each year through the expiration of the Act. The expenditures represent the awarding of the \$2.0 million as grants as provided in the bill. The agency also notes that it would absorb the costs associated with administering the Act within the agency's existing

resources. Any fiscal effect associated with HB 2647 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate enactment of HB 2647 would provide additional funding to counties awarded grants under the Act to revitalize economic development in cities and counties. However, neither the Association nor the League are able to estimate the fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt". The signature is fluid and cursive, with a distinct flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Sherry Rentfro, Department of Commerce
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities