

February 22, 2023

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 247 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 247 is respectfully submitted to your committee.

SB 247 would provide a sales tax exemption for any non-profit theater that creates and produces novel works for concerts or productions; employs a full-time theater staff; has a board of directors; is dedicated to providing a strong educational commitment to its local community; and is committed to providing ongoing live theater as an art form using available local resources. The sales tax exemption would become effective on July 1, 2023.

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$129,000)	(\$155,500)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

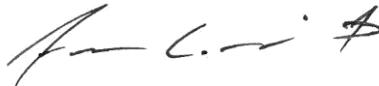
The Department of Revenue estimates that SB 247 would decrease state revenues by \$155,500 in FY 2024. Of that total, the State General Fund is estimated to decrease by \$129,000 in FY 2024, while the State Highway Fund is estimated to decrease by \$26,500 in FY 2024. This bill also is estimated to decrease local revenues by \$54,500 in FY 2024. The Department indicates that similar results would also occur in future fiscal years.

To formulate these estimates, the Department of Revenue reviewed sales tax collection data from the six non-profit theaters that have been identified statewide that meet the criteria outlined in the bill. According to the Department of Revenue, reissuing sales tax publications and issuing tax entity exemption certificates would cost \$1,200 from the State General Fund in FY 2024.

The Kansas Department of Transportation indicates that the bill would reduce state revenues to the State Highway Fund, as noted above. Any fiscal effect associated with SB 247 is not reflected in *The FY 2024 Governor's Budget Report*.

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. The bill also has the potential to reduce revenues that are pledged to repay STAR bond projects; however, it is unknown what impact this bill would have on the viability of those projects.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", followed by a stylized flourish or symbol.

Adam Proffitt
Director of the Budget

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