



March 6, 2024

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 515 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 515 is respectfully submitted to your committee.

SB 515 would provide a sales tax exemption for Dane G. Hansen Foundation for the purpose of the Foundation’s charitable initiatives, programs, and grants, including the Logan Intergenerational Family Education (LIFE) Center. The LIFE Center is an intergenerational campus located on real property currently owned by USD 326—Logan. The sales tax exemption would also be extended to any contractor hired for constructing, reconstructing, maintaining, repairing, enlarging, furnishing, or remodeling any facilities for the Dane G. Hansen Foundation. The bill includes reporting requirements for contractors and penalties for the use of the sales tax exemption that is determined to not be part of this project, which would be punishable as a misdemeanor. The sales tax exemption would go into effect on July 1, 2024.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$1,800	--
Federal Fund	--	--	--
Total Expenditures	--		--
Revenues			
State General Fund	--	(\$33,500)	--
Fee Fund(s)	--	(7,000)	--
Federal Fund	--	--	--
Total Revenues	--	(\$40,500)	--
FTE Positions	--	--	--

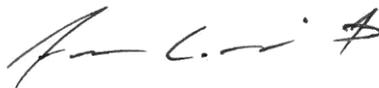
The Department of Revenue estimates that SB 515 would decrease state revenues by \$40,500 in FY 2025. Of that total, the State General Fund is estimated to decrease by \$33,500 in FY 2025, while the State Highway Fund is estimated to decrease by \$7,000 in FY 2025. This bill is also estimated to decrease local sales tax revenues by approximately \$9,500.

To formulate these estimates, the Department of Revenue reviewed data from Dane G. Hansen Foundation, which reports that it is currently completing a capital project in the City of Logan which is the source for calculating the fiscal note. The reduction to state and local sales tax collections in future fiscal years is estimated to be negligible as the Foundation's main function is to provide grants and scholarships to benefit Northwest Kansas. The costs of any future capital projects for the Dane G. Hansen Foundation would also be exempt from sales tax; however, those costs are unknown. According to the Department of Revenue, reissuing sales tax publications and revising forms would cost \$1,800 from the State General Fund in FY 2025.

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 515 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate the bill would provide a net reduction to local sales tax collections that are used in part to finance local governments. This bill has the potential to reduce revenues that are pledged to repay STAR bond projects; however, it is unknown what impact the bill would have on the viability of those projects.

Sincerely,



Adam C. Proffitt
Director of the Budget

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