



January 29, 2025

The Honorable Adam Smith, Chairperson
 House Committee on Taxation
 300 SW 10th Avenue, Room 346-S
 Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2013 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2013 is respectfully submitted to your committee.

HB 2013 would discontinue the imposition of sales tax on cable, community antennae, and other subscriber television services. The bill would take effect on July 1, 2025.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$670	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$670	--
Revenues			
State General Fund	--	(\$68,900,000)	(\$75,900,000)
Fee Fund(s)	--	(15,100,000)	(16,700,000)
Federal Fund	--	--	--
Total Revenues	--	(\$84,000,000)	(\$92,600,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2013 would reduce state revenues by \$84.0 million in FY 2026. Of this amount, State General Fund revenues are estimated to decrease by \$68.9 million, while State Highway Fund revenues are estimated to decrease by \$15.1 million. The bill is also expected to reduce local sales tax revenues; however, a specific estimate of this reduction was not calculated by the Department of Revenue. The FY 2026 estimate includes a one-month lag as the sales tax change goes into effect. The fiscal effect to state revenues in subsequent years would be as follows:

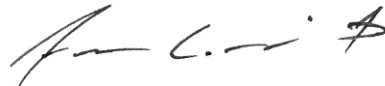
	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
State General Fund	(\$75,900,000)	(\$76,600,000)	(\$77,400,000)	(\$78,200,000)
State Highway Fund	<u>(16,700,000)</u>	<u>(16,800,000)</u>	<u>(17,000,000)</u>	<u>(17,100,000)</u>
Total	(\$92,600,000)	(\$93,400,000)	(\$94,400,000)	(\$95,300,000)

To formulate these estimates, the Department of Revenue reviewed data of actual sales tax collections from cable and subscription television services. The Department notes that it is unknown how the tax treatment of other services bundled with cable and subscription television services would be impacted by the bill. The Department indicates that reissuing sales tax publications and revising forms would cost \$670 from the State General Fund in FY 2026.

The Kansas Department of Transportation indicates that the bill would reduce State Highway Fund revenues as noted above. Any fiscal effect associated with HB 2013 is not reflected in *The FY 2026 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. This bill has the potential to reduce revenues that are pledged to repay STAR bond projects; however, it is known what impact the bill would have on the viability of these 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