

March 7, 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 2234 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2234 is respectfully submitted to your committee.

HB 2234 would provide a sales tax exemption for purchases made by Junction City Main Street, Inc., a nonprofit organization dedicated to economic development in downtown Junction City. The bill would take effect July 1, 2025.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$1,340	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$1,340	--
Revenues			
State General Fund	--	(\$5,300)	(\$5,300)
Fee Fund(s)	--	(1,200)	(1,200)
Federal Fund	--	--	--
Total Revenues	--	(\$6,500)	(\$6,500)
FTE Positions	--	--	--

The Department of Revenue indicates that enactment of HB 2234 would decrease state revenues by \$6,500 in FY 2026 and in each subsequent fiscal year. Of this amount, State General Fund revenues are estimated to decrease by \$5,300 per fiscal year, and State Highway Fund revenues are estimated to decrease by \$1,200 per fiscal year. The Department indicates that revising and reissuing sales tax forms and publications would cost \$1,340 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 2234 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 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 C. Proffitt".

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