

February 10, 2025

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 2304 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2304 is respectfully submitted to your committee.

Under current law, the Department of Commerce is required to maintain an economic development incentive program database to collect and store incentive data from state agencies charged with administering economic development incentive programs that provide more than \$50,000 of annual incentives. HB 2304 would require the database to be a searchable website or web page configured to provide comprehensive reports of the incentive data. The information would be required to be posted on the Department's Economic Development Incentive Program database for those programs that commenced prior to July 1, 2025.

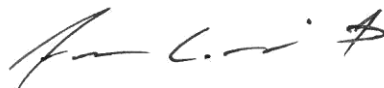
The bill would require cities and counties as well as recipients of the incentives to report local economic development incentive program information to the Department of Commerce. Providing the information would be a condition of commencing an economic development incentive program by a city or county on and after July 1, 2025. The information would be due to the Department within 30 days of the commencement of the program. The cities and counties would be required to provide annual updates on the programs and the Department would use this information to prepare a summary report for the Legislature. The Secretary would not be required to disclose information that would violate the confidentiality provisions of any agreement executed before July 1, 2025. Currently, it is within the Secretary's discretion to not disclose information that would be detrimental to the development of a Sales Tax and Revenue bond project or jeopardize an economic development incentive project. The bill would require, beginning January 31, 2026, and on or before each January 31 thereafter, the Secretary to report to the Legislature why the information was not disclosed in the prior fiscal year. The bill would also expand the definition of an economic development incentive program as described in the bill.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$389,000	\$189,000
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$389,000	\$189,000
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	2.00	2.00

The Department of Commerce states that beginning in FY 2026 it would require 2.00 positions totaling \$189,000 (\$94,500 x 2) for salary and wage expenditures from the State General Fund. The agency would also require one-time expenditures of \$200,000 from the State General Fund in FY 2026 for website designers and consultants as well as to upgrade its Salesforce software. The Department of Revenue and the Department of Administration indicate the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2304 is not reflected in *The FY 2026 Governor’s Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate the counties and cities could require additional staff to report data required by HB 2304; however, the Association and the League are unable to estimate the costs for additional staff.

Sincerely,



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
 Lynn Robinson, Department of Revenue
 Samir Arif, Department of Administration
 Brian Reiter, Office of Information Technology Services
 Ethan Belshe, Office of the Governor