

February 10, 2025

The Honorable Larry Alley, Chairperson
Senate Committee on Commerce
300 SW 10th Avenue, Room 159-S
Topeka, Kansas 66612

Dear Senator Alley:

SUBJECT: Fiscal Note for SB 197 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 197 is respectfully submitted to your committee.

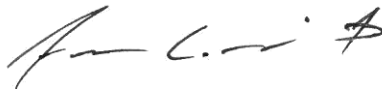
Under current law, the provisions of the Sales Tax and Revenue Bond Financing Act (STAR) regarding STAR bond projects will expire on July 1, 2026. SB 197 would extend the sunset date to July 1, 2030.

The Department of Revenue indicates that SB 197 could have a fiscal effect on State General Fund revenues which would depend upon the project that is financed using STAR bonds. STAR bond projects provide local governments with the opportunity to issue bonds to finance the development of major commercial, entertainment, and tourism areas and use the state and local retail sales and compensating use tax revenue that is generated by the development to pay off the bonds which would reduce state revenues. However, the agency is unable to estimate the fiscal effect.

The Kansas Department of Transportation indicates the bill would reduce state revenues to the State Highway Fund by unknown amounts. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan. The Department of Commerce states the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with SB 197 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties and League of Kansas Municipalities indicate that SB 197 could have a fiscal effect on cities; however, the Association and the League are unable to estimate the fiscal effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt" with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

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