

February 9, 2012

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2561 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2561 is respectfully submitted to your committee.

Under current law, the STAR Bonds Financing Act is set to expire on July 1, 2012. HB 2561 would extend the sunset provision until July 1, 2017.

The Department of Revenue indicates that HB 2561 would not have a direct fiscal effect on state revenues. The program provides 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. Current law also allows the Secretary of Commerce the discretion to require that other taxes and fees be used for debt service payments as well, including transient guest taxes. The state does not lose any revenue when these projects are created, because the revenue would not be generated if the project did not exist.

The Department of Commerce indicates that it is currently responsible for reviewing and approving STAR bond applications. The Department indicates that administrative costs associated with reviewing STAR bond applications are negligible and could be absorbed within existing staff levels and resources. Any fiscal effect associated with HB 2561 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Melissa Wangemann, KAC

Jason Glasrud, Commerce
Larry Baer, LKM