

March 22, 2013

The Honorable Les Donovan, Chairperson
 Senate Committee on Assessment and Taxation
 Statehouse, Room 123-E
 Topeka, Kansas 66612

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 182 by Senator Hensley, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 182 is respectfully submitted to your committee.

Under current law, tax year 2012 is the last tax year that an eligible taxpayer would be allowed to claim the Food Sales Tax Refund on their Kansas individual income tax return and the last tax year that an eligible renter would be allowed to claim the Homestead Property Tax Refund on their Kansas individual income tax return. SB 182 would reinstate both of these tax refund programs for tax year 2013 and in each future tax year.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	(\$66,000,000)	(\$66,000,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 182 would reduce State General Fund revenues by \$66.0 million in FY 2014 and in each future fiscal year. The decrease in revenues and how the November 6, 2012 consensus revenue estimate for FY 2014 would be affected are shown in the following table:

Effect on FY 2014 Consensus Revenue Estimates
 (Dollars in Thousands)

Receipt Description	Consensus Revenue Estimates (Nov. 6, 2012)	Change in Revenue FY 2014	Proposed Adjusted CRE FY 2014
Motor Carrier	\$ 39,000	\$ --	\$ 39,000

The Honorable Les Donovan, Chairperson

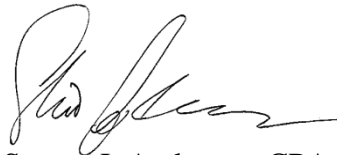
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Income Taxes:			
Individual	2,385,000	(66,000)	2,319,000
Corporate	360,000	--	360,000
Financial Institutions	30,000	--	30,000
Excise Taxes:			
Retail Sales	1,952,000	--	1,952,000
Compensating Use	303,000	--	303,000
Cigarette	92,000	--	92,000
Corporate Franchise	6,000	--	6,000
Severance	137,400	--	137,400
All Other Excise Taxes	99,600	--	99,600
Other Taxes	<u>151,500</u>	<u>--</u>	<u>151,500</u>
Total Taxes	\$5,555,500	(\$ 66,000)	\$5,489,500
Other Revenues:			
Interest	\$ 9,700	\$ --	\$ 9,700
Transfers	(155,900)	--	(155,900)
Agency Earnings	<u>55,000</u>	<u>--</u>	<u>55,000</u>
Total Other Revenues	(\$ 91,200)	\$ --	(\$ 91,200)
Total Receipts	\$5,464,300	(\$ 66,000)	\$5,398,300

To formulate these estimates, the Department of Revenue reviewed data on the Food Sales Tax Refund and the Homestead Property Tax Refund. The Department indicates that the claim form and instructions for both of these tax refund programs are currently available for tax year 2012 and could be updated for tax year 2013 within existing resources if SB 182 is passed. The bill would require the Department to review and process Food Sales Tax Refund claims and Homestead Property Tax Refund claims from renters in FY 2014. If the Department determines that the costs associated with reviewing and processing these claims in FY 2014 cannot be absorbed within existing resources, a revised fiscal note will be prepared. Any fiscal effect associated with SB 182 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



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

cc: Steve Neske, Revenue
Pam Fink, DofA
Melissa Wangemann, KAC