

February 19, 2014

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 363 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 363 is respectfully submitted to your committee.

SB 363 would require individuals claiming the Rural Opportunity Zone tax credit to be employed in a for-profit business or a nonprofit hospital, clinic, nursing home, long-term residential care facility, hospice or medical professional office that provides medical, dental, psychiatric, optometric, or other professional healthcare services to the public. The bill would specifically prohibit an individual who is employed by a public entity to claim the tax credit. The bill defines public entity as the State of Kansas, political subdivisions, cities, counties, state universities or colleges, school districts, all special districts, joint agreement entities, public authorities, public trusts, and nonprofit corporations or other organizations which are operated with public money. The changes to the Rural Opportunity Zones tax credit would apply to tax year 2014 through tax year 2016 and would not apply to individuals who qualified for the tax credit prior to July 1, 2014.

Estimated State Fiscal Effect				
	FY 2014 SGF	FY 2014 All Funds	FY 2015 SGF	FY 2015 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$24,450	\$24,450
FTE Pos.	--	--	--	--

The Department of Revenue indicates SB 363 has the potential to increase State General Fund revenues by not allowing certain individuals to claim the Rural Opportunity Zone tax credit. However, the increase in revenues is estimated to be negligible. The Department

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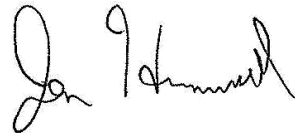
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indicates that it would require \$24,450 from the State General Fund in FY 2015 for the costs associated with modifying the automated tax system. The required programming for this bill by itself (468 hours in in-house programming and 360 hours of implementation) would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Department of Commerce indicates that it is responsible for administering the student loan forgiveness component of the Rural Opportunity Zones Program and the proposed changes in SB 363 would have no fiscal effect on its operations. Any fiscal effect associated with SB 363 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Dan Lara, Commerce
Steve Neske, Department of Revenue