

March 23, 2015

The Honorable Marvin Kleeb, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2136 by Representative Dannebohm

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2136 is respectfully submitted to your committee.

HB 2136 would allow renters to claim the Homestead Property Tax Refund for tax year 2015 and in each future tax year.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	(\$14,000,000)	(\$14,000,000)
Expenditure	--	--	\$153,500	\$153,500
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2136 would decrease State General Fund revenues by \$14.0 million in FY 2016. The decrease in revenues and how the November 10, 2014 consensus revenue estimate for FY 2016 would be affected are shown in the following table:

Effect on FY 2016 Consensus Revenue Estimates
(Dollars in Thousands)

Receipt Description	Consensus Revenue Estimates (Nov.10, 2014)	Change in Revenue FY 2016	Proposed Adjusted CRE FY 2016
Motor Carrier	\$ 12,000	\$ --	\$ 12,000
Income Taxes:			
Individual	2,300,000	(14,000)	2,286,000
Corporate	470,000	--	470,000
Financial Institutions	39,000	--	39,000
Excise Taxes:			
Retail Sales	2,270,000	--	2,270,000
Compensating Use	380,000	--	380,000
Cigarette	88,000	--	88,000
Severance	115,900	--	115,900
All Other Excise Taxes	114,100	--	114,100
Other Taxes	<u>181,600</u>	<u>--</u>	<u>181,600</u>
Total Taxes	\$5,970,600	(\$ 14,000)	\$5,956,600
Other Revenues:			
Interest	\$ 8,000	\$ --	\$ 8,000
Transfers	(222,500)	--	(222,500)
Agency Earnings	<u>55,300</u>	<u>--</u>	<u>55,300</u>
Total Other Revenues	(\$ 159,200)	\$ --	(\$ 159,200)
Total Receipts	\$5,811,400	(\$ 14,000)	\$5,797,400

The fiscal effect to state revenues during subsequent years would be as follows:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
State General Fund	(\$14,600,000)	(\$15,100,000)	(\$15,700,000)	(\$16,400,000)

To formulate these estimates, the Department of Revenue reviewed data on the Homestead Property Tax Refund. The Department indicates that the Homestead Property Tax Refund was last available to renters in tax year 2012 and estimates that taxpayers would claim \$14.0 million in Homestead Property Tax Refunds in tax year 2015 or FY 2016.

The Department indicates that the bill would require \$153,500 from the State General Fund in FY 2016 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 5.00 new part-time temporary positions to review and process Homestead Property Tax Refund claims from renters. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. However, if the

The Honorable Marvin Kleebl, Chairperson

March 23, 2015

Page 3—HB 2136

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. Any fiscal effect associated with HB 2136 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue