

March 6, 2017

The Honorable Les Mason, Chairperson  
House Committee on Commerce, Labor and Economic Development  
Statehouse, Room 521-E  
Topeka, Kansas 66612

Dear Representative Mason:

**SUBJECT:** Fiscal Note for HB 2318 by Representative Stogsdill

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2318 is respectfully submitted to your committee.

HB 2318 would create the Kansas Arts Commission (KAC) and the bill would make the KAC an official state agency in charge of developing and coordinating the arts in Kansas. The bill would clarify the Kansas Creative Arts Industries Commission (KCAIC) to be the official state agency for the development and coordination of the film and movie industry; however, the bill would maintain the KCAIC as a part of the Department of Commerce. The bill would also allow the KAC to create its own license plate and would change the income tax check-off option to the new commission.

The Kansas Department of Revenue indicates a "Support the Arts" license plate is already in production. However, if the new commission elects to create its own license plate, the Department indicates an initial order of new plates would total 5,000 and would include 2,500 automobile plates along with 2,500 motorcycle plates. The new plates would be subject to licensing fees and could generate revenue totaling \$200,000 to be deposited into the State Highway Fund. The Department notes the revenue generated would be one-time and, because of the nature of issuing license plates, it is not possible to estimate in what fiscal year the revenue would be deposited into the State Highway Fund; the revenue event could also occur over a period of several fiscal years and not occur in a single fiscal year. The Department also estimates expenditures totaling \$8,445 from the State General Fund (SGF) in FY 2018 to implement the provisions in the bill; these costs include staff time along with other administrative costs. According to statute, every sponsoring organization, in order to create and issue a specialty license plate, is responsible to pay for up to \$20,000 in initial production costs and production of specialty plates cannot begin until the Department of Revenue has a list of at least 500 initial customers.

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The Department of Commerce would need to hire an additional 1.00 FTE position and would incur additional expenditures totaling \$200,000 from the SGF, including \$92,000 for salary and wages to add an additional position and \$108,000 to support film industry functions as outlined in the bill; these costs would be ongoing. The Department also indicates the agency currently provides \$181,000 in support of the KCAIC to capture federal monies provided by the National Endowment of the Arts (NEA). This support from the Department of Commerce would stop and those dollars would need to come from the KAC itself. The NEA provides federal monies through certain matching programs and the Department of Commerce indicates around \$350,000 to \$500,000 may be required from the KAC to capture future federal monies. The amount needed to capture federal monies could change depending on rules imposed by the NEA. Any fiscal effect associated with HB 2318 is not reflected in *The FY 2018 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: Bob North, Commerce  
Lynn Robinson, Department of Revenue