

March 28, 2017

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2408 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2408 is respectfully submitted to your committee.

HB 2408 would require applicants, employees, and contractors of the Department of Revenue that have access to federal tax information to be fingerprinted and submit to a national criminal history record check. Information obtained from the national criminal history record check would only be used to verify the individual's identity and fitness for initial or continuing employment. The bill requires that when fingerprinting is required, the costs would be paid by the agency or contractor.

The Department of Revenue indicates HB 2408 would require \$28,999 from the State General Fund in FY 2018 for the costs of fingerprinting and the national criminal history record check for approximately 617 employees in the first year. Additional fingerprinting and record checks would be conducted in future years depending on turnover. The Department indicates that this bill would implement a requirement from the Internal Revenue Service (IRS) for the qualifications required for handling federal tax information. The Department indicates that if this requirement is not in place before the next IRS audit, the Department could be cited as out of compliance and required to develop a mandatory plan of action to correct the situation. Failure to comply with this IRS requirement has the potential to jeopardize the receipt of over \$70.0 million in federal funds and could limit the Department's access to federal data that is used to help detect fraudulent individual income tax returns.

According to the KBI, it charges \$47 for a KBI/FBI fingerprinting and national record check. The KBI indicates that the total cost to process all fingerprints and return the results to

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the Department of Revenue would be covered by the fees assessed to the Department of Revenue. Any fiscal effect associated with HB 2408 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: Shelia Sawyer-Tyler, KBI
Lynn Robinson, Department of Revenue