

STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 27, 2018

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2555 by Representative Deere

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2555 is respectfully submitted to your committee.

HB 2555 would provide a sales tax exemption for the Kansas Gang Investigators Association, for the purpose of increasing the awareness of gangs and gang activity in Kansas and to assist law enforcement and corrections agencies in recognizing and combating gang activity. The bill would exempt from sales tax all sales of tangible personal property or services purchased by or on behalf of the Kansas Gang Investigators Association.

The Department of Revenue indicates that HB 2555 would decrease state and local sales tax revenue. The Department of Revenue indicates that it is unable to release confidential taxpayer information and therefore is unable to provide an estimate of the bill's fiscal effect on the State General Fund, State Highway Fund, and local governments. According to the Department of Revenue, reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,200 from the State General Fund in FY 2019.

The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

The Honorable Steven Johnson, Chairperson

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The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would provide a net reduction to local sales tax collections that are used in part to finance local governments. Any fiscal effect associated with HB 2555 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Chief Budget Officer

cc: Lynn Robinson, Department of Revenue
Ben Cleeves, Transportation
Chardae Caine, League of Municipalities
Melissa Wangemann, Association of Counties