

STATE OF KANSAS

DIVISION OF THE BUDGET
LONDON STATE OFFICE BUILDING
900 SW JACKSON STREET, ROOM 504
TOPEKA, KS 66612



PHONE: (785) 296-2436
FAX: (785) 296-0231
larry.campbell@ks.gov
<http://budget.kansas.gov>

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

March 5, 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 2753 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2753 is respectfully submitted to your committee.

HB 2753 would set up a periodic review schedule for certain tax credits, incentives, and sales tax exemptions for the Insurance Department, Department of Commerce, and Department of Revenue. Each review would provide a description, including history and goals, of each credit, incentive, or exemption; an assessment of the design and administration of each credit, incentive, or exemption; and an estimate of the economic and fiscal impact of each credit, incentive, or exemption. The Commissioner of Insurance would be required to present to the Senate Committee on Financial Institutions and Insurance and the House Committee on Insurance by February 1st according to the following schedule:

- 2019: Employee Salary Credit; Business and Job Development Credit; and Insurance Department Service Regulation Fund Assessment Credit.
- 2020: Health Insurance Association Assessment Credit; Small Insurance Business Credit; and Property and Casualty Insurance Guaranty Association Credit.
- 2021: Firefighter Relief Fund Tax Credit; Fire Marshal Tax Credit; Life and Health Insurance Guaranty Association Credit; and Disabled Accessibility Credit.

The bill would require the Senate Committee on Financial Institutions and Insurance and the House Committee on Insurance to produce a report to the Legislature summarizing the committee's findings, conclusions, and recommendations by March 1st of the review year. A copy of the report would be published on the website required under the Kansas Taxpayer Transparency Act (KanView). The bill requires that all credits, incentives, or exemptions would be reviewed again not more than three years after the previous review.

The Secretary of Commerce would be required to present to the Senate Committee on Commerce and the House Committee on Commerce, Labor, and Economic Development by February 1st according to the following schedule:

- 2019: STAR Bonds; High Performance Incentive Program (HPIP); and two Venture Capital Credits.
- 2020: Promoting Employment Across Kansas (PEAK); Job Creation Program Fund; tax credit for investment in a technology-based venture capital fund; and tax credits for investment in a certified local seed capital pool.
- 2021: Rural Opportunity Zones Program (student loan forgiveness and income tax credit); Angel Investor Tax Credit, and Individual Development Account Credit.

The bill would require the Senate Committee on Commerce and the House Committee on Commerce, Labor, and Economic Development to produce a report to the Legislature summarizing the committee's findings, conclusions, and recommendations by March 1st of the review year. A copy of the report would be published on the KanView website. The bill requires that all credits, incentives, or exemptions would be reviewed again not more than three years after the previous review.

The Secretary of Revenue would be required to present to the Senate Committee on Assessment and Taxation and the House Committee on Taxation by February 1st according to the following schedule:

- 2019: Adoption Credit; Earned Income Tax Credit (EITC), Research and Development Credit; and property tax exemptions.
- 2020: Business and Job Development Credit; Historic Preservation Credit, Film Production Credit, and sales tax exemptions.
- 2021: Community Service Contribution Credit; Environmental Compliance Credit; Assistive Technology Contribution Credit; and Low-Income Student Scholarship.
- 2022: Food Sales Tax Refund Program; Telecommunication Property Tax Credit; and Higher Education Differed Maintenance Credit.

The bill would require the Senate Committee on Assessment and Taxation and the House Committee on Taxation to produce a report to the Legislature summarizing the committee's findings, conclusions, and recommendations by March 1st of the review year. A copy of the report would be published on the KanView website. The bill requires that all credits, incentives, or exemptions would be reviewed again not more than four years after the previous review.

The Insurance Department, Department of Commerce, and Department of Revenue indicate that the administrative costs associated with implementing the provisions of HB 2753 would be negligible and could be absorbed within existing resources. Each agency would be

The Honorable Steven Johnson, Chairperson

March 5, 2018

Page 3—HB 2753

responsible to collect and organize information regarding certain tax credits, incentives, and exemptions on a yearly basis.

Legislative Administrative Services indicates that the costs to produce reports that summarize each committee's findings, conclusions, and recommendations by March 1st of the review year would be negligible and could be absorbed with existing resources and staff levels. The Department of Administration is currently responsible for maintaining the state's transparency website called KanView. The Department of Administration estimates the bill would require additional, one-time expenditures of \$3,100 from the State General Fund in FY 2018 for website development. The Department indicates that it could absorb the estimated one-time and ongoing costs requirements of the bill with existing resources and staff levels.

Sincerely,



Larry L. Campbell
Chief Budget Officer

cc: Glenda Haverkamp, Insurance
Lynn Robinson, Department of Revenue
Bob North, Commerce
Karen Clowers, Legislative Services
Colleen Becker, Department of Administration