

February 16, 2017

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 140 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 140 is respectfully submitted to your committee.

SB 140 would provide a sales tax exemption for the Kansas DUI Impact Center, Inc. and for Active Aging Publishing, Inc. The purpose of the Kansas DUI Impact Center, Inc. is to help DUI victims by reducing the traumatic effects a crash caused by an impaired driver has on individuals and their families and by increasing awareness of the human consequences of vehicular crimes committed under the influence of drugs and alcohol through community outreach, education, and prevention. The purpose of Active Aging Publishing, Inc. is to publish a newspaper that explores the issues and information needs of seniors. The bill would exempt from sales tax all sales and purchases of tangible personal property and services made by or on behalf of each of these organizations. The sales tax exemption would also be extended to any contractor hired for the rehabilitation, construction, maintenance, repairing, enlarging, furnishing, or remodeling of facilities used for the operation of each of these organizations. The bill includes reporting requirements for contractors and penalties for the use of the sales tax exemption that are determined to not be part of this project which would be punishable as a misdemeanor.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	(\$10,300)	(\$12,200)	(\$10,300)	(\$12,200)
Expenditure	\$1,800	\$1,800	--	--
FTE Pos.	--	--	--	--

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The Department of Revenue estimates that SB 140 would decrease state revenues by \$12,200 in both FY 2018 and FY 2019. Of those totals, the State General Fund is estimated to decrease by \$10,300 in both FY 2018 and FY 2019, while the State Highway Fund is estimated to decrease by \$1,900 in both FY 2018 and FY 2019. This bill is also estimated to decrease local sales tax revenues by \$1,870 in both FY 2018 and FY 2019. According to the Department of Revenue, reissuing sales tax publications and issuing the tax entity exemption certificate would cost \$1,800 from the State General Fund in FY 2018.

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 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 SB 140 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: Jack Smith, Department of Revenue  
Ben Cleeves, Transportation  
Brock Ingmire, League of Municipalities  
Melissa Wangemann, Association of Counties