

SESSION OF 2018

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2546**

As Amended by House Committee on  
Agriculture and Natural Resources Budget

**Brief\***

HB 2546, as amended, would discontinue the statutorily required transfer of up to \$300,000 from the State General Fund to the State Fair Capital Improvements Fund. The bill would require state sales tax collected from gross receipts on the sale of tangible personal property on the State Fairgrounds by the Kansas State Fair or other retailers to be remitted to the Director of Taxation. The Director of Taxation would then be required to remit all of the collected state sales tax from these sales to the State Treasurer. The State Treasurer would be required to deposit the entire amount into the State Treasury to credit of the State Fair Capital Improvement Fund.

**Background**

The bill was introduced by Representatives Schroeder, Arnberger, Carlin, Clark, Gartner, Hibbard, Johnson, Ousley, and Sloan.

At the House Committee on Agriculture and Natural Resources Budget hearing, a representative of the Kansas State Fair Board testified in support of the original bill, which would have remitted the state sales tax collected from the gross receipts collected by the Kansas State Fair from the sale of tickets for gate admissions, grandstand concerts, and events to the State Treasurer to be deposited into the State Fair Capital Improvements Fund. The representative

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

indicated the bill would provide the State Fair with a stable revenue stream that could be used to repair and replace aging buildings on the fairgrounds.

Other proponents of the original bill included a representative of the Kansas Department of Agriculture and four high school student members of 4-H. The proponents generally stated there is a need to maintain the State Fairgrounds.

No opponent or neutral testimony was presented.

The House Committee amended the bill by expanding the scope of state sales tax that would be remitted to include all retailers selling tangible personal property on the fairgrounds. The House Committee also amended the bill to direct retailers to remit gross receipts to the Director of Taxation, who shall then remit the state sales tax portion to the State Treasurer for deposit into the State Treasury to the credit of the State Fair Capital Improvement Fund.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, enactment of the bill would reduce the revenue to the State General Fund by a net total of \$14,544 and divert approximately \$22,068 in state sales tax revenue from the State Highway Fund to the State Fair Capital Improvements Fund. The fiscal note further states the bill could result in a net gain to the State Fair of \$36,612. These estimates are based on a current statutory transfer to the State Fair of \$100,000. The fiscal note also states the bill would cost the Department of Revenue \$1,200 for revision of publications and modification of software to accommodate the change. Any fiscal effect associated with the original bill is not reflected in *The FY 2019 Governor's Budget Report*.