

March 22, 2019

REVISED

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

Dear Representative Johnson:

SUBJECT: Revised Fiscal Note for HB 2249 by Representative Hodge

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2249 is respectfully submitted to your committee.

HB 2249 would create a new income tax credit for 20.0 percent of the amount expended by a member institution of the Kansas Collegiate Athletic Conference to construct a health or education facility in tax years 2019, 2020, and 2021. Any unused tax credits would be allowed to be carried forward until the taxpayer has enough tax liability in order to claim the tax credit. The bill would allow the tax credits to be transferred to another taxpayer that has Kansas tax liability as long as the Director of Taxation at the Department of Revenue is notified of the transfer. The Department of Revenue would have the authority to adopt rules and regulations to implement the bill.

The Department of Revenue indicates that it does not have information on the costs that could be expended by a member institution of the Kansas Collegiate Athletic Conference to construct a health or education facility; therefore, it is unable to provide the estimate of the fiscal effect of HB 2249.

The Department of Revenue indicates that it would require a total of \$528,002 from the State General Fund in FY 2020 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue and outside contract programmer services. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Since the original fiscal note was issued, the Department of Revenue lowered its estimate on administrative costs needed to implement the bill.

The Board of Regents indicates the bill would not have a fiscal effect on higher education institutions within the Board of Regents system because they are not members of the Kansas Collegiate Athletic Conference. Any fiscal effect associated with HB 2249 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a smaller "L" followed by "Campbell".

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Kelly Oliver, Board of Regents