

February 26, 2020

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 414 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 414 is respectfully submitted to your committee.

SB 414 would not allow a grocery store to be included in a community improvement district created or modified after July 1, 2020. For a community improvement district in existence before July 1, 2020, a grocery store relocating or opening within the district would not be subject to the additional sales tax within the community improvement district.

The Department of Revenue indicates SB 414 would have no fiscal effect on state sales tax revenues. The Department indicates that the bill would affect only local sales tax collections in community improvement districts. According to the Department of Revenue, reissuing sales tax publications would cost \$600 from the State General Fund in FY 2021.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would limit the tax base of community improvement districts by excluding grocery stores. The bill has the potential to reduce the amount of revenue that local governments could generate for a project funded by a community improvement district. This could extend the amount of time to retire the debt for community improvement district projects or make future projects not feasible. Any fiscal effect associated with SB 414 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Ben Cleaves, Transportation
Lynn Robinson, Department of Revenue
Trey Cocking, League of Municipalities
Jay Hall, Association of Counties