

February 15, 2022

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 463 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 463 is respectfully submitted to your committee.

SB 463 would allow retailers to retain 1.5 percent of the retail sales and compensating use tax that they collect each month up to \$300. Any retailer that files a consolidated return for reporting retail sales and compensating use tax prior to January 1, 2022, would be subject to the \$300 per retailer limitation even if the retailer no longer files a consolidated return after that date.

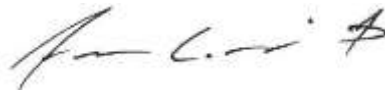
The Department of Revenue estimates that SB 463 would decrease retail sales and compensating use tax collections by \$50.3 million in FY 2023 and would reduce collections by similar amounts in future fiscal years. The Department indicates that it is unclear if the entirety of the reduction is to be from state retail sales and compensating use tax collections or if the reduction is to be prorated between state and local collections.

The Department of Revenue indicates that it would require a total \$98,645 from the State General Fund in FY 2023 to implement the bill, update forms and publications, and to make IT systems changes. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. 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.

If the reduction is to be prorated between state and local collections, then the Kansas Department of Transportation indicates that the bill would reduce state revenues to the State

Highway Fund. If the reduction is to be prorated between state and local collections, then 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 463 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties