

March 2, 2022

The Honorable Adam Smith, Chairperson  
House Committee on Taxation  
Statehouse, Room 346-S  
Topeka, Kansas 66612

Dear Representative Smith:

**SUBJECT:** Fiscal Note for HB 2718 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2718 is respectfully submitted to your committee.

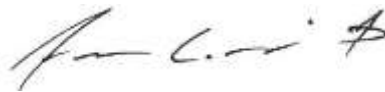
HB 2718 would provide a sales tax exemption to the Johnson County Christmas Bureau Association for the purpose of providing food, clothing, cleaning supplies, personal care items, and other necessities to those in need and desiring assistance. The bill would also exempt sales taxes from being collected from any tangible personal property sold by or on behalf of the organization.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	(\$6,300)	(\$7,500)
Expenditure	--	--	\$1,200	\$1,200
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2718 would decrease state revenues by \$7,500 in FY 2023. Of that total, the State General Fund is estimated to decrease by \$6,300 in FY 2023, while the State Highway Fund is estimated to decrease by \$1,200 in FY 2023. This bill also is estimated to decrease local sales tax revenues by approximately \$3,000 in FY 2023. The Department of Revenue indicates that this bill would have a similar fiscal effect in future fiscal years. According to the Department of Revenue, reissuing sales tax publications and issuing tax entity exemption certificates would cost \$1,200 from the State General Fund in FY 2023.

The Kansas Department of Transportation indicates that the bill would reduce state revenues to the State Highway Fund as noted above. 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 HB 2718 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