

May 9, 2017

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2421 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2421 is respectfully submitted to your committee.

HB 2421 would provide a retail sales tax exemption for all sales of gold, silver, and numismatic coins; palladium, platinum, gold, or silver bullion; and currency. The bill provides specific definitions for bullion and currency.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	(\$6,574)	(\$7,840)	(\$6,574)	(\$7,840)
Expenditure	\$1,200	\$1,200	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2421 would decrease state revenues by \$7,840 in both FY 2018 and FY 2019. Of those totals, the State General Fund is estimated to decrease by \$6,574 in both FY 2018 and FY 2019, while the State Highway Fund is estimated to decrease by \$1,266 in both FY 2018 and FY 2019. This bill also is estimated to decrease local sales tax revenues; however, the specific estimate of lower local sales tax revenues was not calculated by the Department of Revenue. According to the Department of Revenue, reissuing sales tax publications would cost \$1,200 from the State General Fund in FY 2018.

The Kansas Department of Transportation (KDOT) indicates that the bill would reduce state revenues to the State Highway Fund as noted above. KDOT indicates that when the state receives lower State Highway Fund dollars it may be required to make corresponding reductions to planned expenditures for projects funded under the comprehensive transportation plan, known as T-WORKS.

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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 2421 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Ben Cleeves, Transportation
Larry Baer, League of Municipalities
Melissa Wangemann, Association of Counties