

# STATE OF KANSAS

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GOVERNOR JEFF COLYER, M.D.  
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 23, 2018

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

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2585 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2585 is respectfully submitted to your committee.

Under current law, the sales tax is determined at the location of the address of the retailer for motor vehicles that do not qualify as transportation equipment. HB 2585 would require that the sales tax for these motor vehicles to be determined at the location of the address of the purchaser.

The Department of Revenue estimates that HB 2585 would have no fiscal effect on state revenues. The bill would change the distribution of local retail sales and compensating use tax revenues between local governments; however, the Department does not have data to provide a specific fiscal effect on each local government that would have increased or decreased local revenues as a result of this bill. The Department indicates that the bill would require \$2,200 from the State General Fund in FY 2019 to update sales tax publications.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill would have a different fiscal effect on each specific local government based on the amount of vehicle sales activity occurring in each city or county. Areas that have significant motor vehicle sales activity would likely receive lower local sales tax revenues, whereas areas that lack significant motor vehicle sales activity would likely experience an increase in local sales tax

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February 23, 2018  
Page 2—HB 2585

revenue. Any fiscal effect associated with HB 2585 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell  
Chief Budget Officer

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