

February 14, 2007

The Honorable Kenny Wilk, Chairperson
House Committee on Taxation
Statehouse, Room 426-S
Topeka, Kansas 66612

Dear Representative Wilk:

SUBJECT: Fiscal Note for HB 2296 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2296 is respectfully submitted to your committee.

HB 2296 would expand the sales tax exemptions to include International Association of Lions Clubs. The bill would exempt from sales tax all sales and purchases made by or on behalf of the organization.

Estimated State Fiscal Effect				
	FY 2007 SGF	FY 2007 All Funds	FY 2008 SGF	FY 2008 All Funds
Revenue	--	--	(\$438,500)	(\$500,000)
Expenditure	--	--	\$26,500	\$26,500
FTE Pos.	--	--	--	--

HB 2296 would decrease state revenues by \$500,000 in FY 2008. Of that total, the State General Fund is estimated to decrease by \$438,500, while the State Highway Fund is estimated to decrease by \$61,500 in FY 2008. This bill also is estimated to decrease local revenues by \$125,000 in FY 2008. The fiscal effect to state revenues during subsequent years would be as follows:

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	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
State General Fund	(\$453,900)	(\$469,700)	(\$486,200)	(\$503,200)
State Highway Fund	(63,700)	(65,900)	(68,200)	(70,600)
Local Governments	<u>(129,400)</u>	<u>(133,900)</u>	<u>(138,600)</u>	<u>(143,400)</u>
	(\$647,000)	(\$669,500)	(\$693,000)	(\$717,200)

According to the Department of Revenue, reissuing sales tax publications would cost \$26,500 regardless of the number of changes made to current law. The bill also would require modifications to the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. However, 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, expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2296 is not reflected in *The FY 2008 Governor's Budget Report*.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Steve Neske, Revenue