

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0792-01  
Bill No.: Perfected SB 182  
Subject: Tax Incentives  
Type: Original  
Date: February 25, 2019

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Bill Summary: This proposal modifies provisions relating to the issuance of certain incentives to businesses relocating from certain counties in Kansas.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|------------------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> |
|                                                      |                |                |                |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                          | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> |
|                                                               |                |                |                |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---------------------------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                          | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> |
|                                                               |                |                |                |
|                                                               |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|-----------------------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> |
|                                                           |                |                |                |
|                                                           |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--------------------------------------------|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2020</b> | <b>FY 2021</b> | <b>FY 2022</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal extends the prohibition against the Department of Economic Development (DED) from issuing tax credits for the BUILD Program, New and Expanding Business Facility Program, the Urban Enterprise Loan Program, and the MO Works Program to businesses relocating from a Kansas border county to a Missouri border county, if the State of Kansas enacts similar prohibitions. If Kansas does not enact similar prohibitions, then DED will continue to issue tax credits to qualifying businesses in bordering counties. To the extent Missouri does or does not issue tax credits for these programs, General and Total State Revenues could be impacted.

Officials at the **Department of Economic Development (DED)** and its Divisions anticipate no fiscal impact as a result of the proposal.

**DED** stated to their knowledge Kansas has not adopted such a policy.

Officials at the **Department of Revenue** assume there is no fiscal impact from this proposal.

**Oversight** notes this proposal extends the prohibition on issuing tax credits to businesses that cross the Kansas/Missouri border, if the state of Kansas has enacted similar legislation. Oversight will show no fiscal impact to this proposal based on the B&P and DED responses.

**Oversight** contacted the Kansas Department of Commerce that confirmed they have not enacted any legislation to prohibit the provision of economic incentives to move jobs from Missouri to Kansas border counties and they are definitely providing economic incentives for jobs that may move across the border including through the PEAK Program (Promoting Employment Across Kansas).

| <u>FISCAL IMPACT - State Government</u> | FY 2020<br>(10 Mo.) | FY 2021    | FY 2022    |
|-----------------------------------------|---------------------|------------|------------|
|                                         | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2020<br>(10 Mo.) | FY 2021    | FY 2022    |
|-----------------------------------------|---------------------|------------|------------|
|                                         | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Department of Revenue  
Office of Administration Division of Budget and Planning



Kyle Rieman  
Director  
February 25, 2019

Ross Strope  
Assistant Director  
February 25, 2019