

February 29, 2012

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2415 by Representative Sloan

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2415 is respectfully submitted to your committee.

Calculations for Kansas income taxes are based on Kansas adjusted gross income, which is calculated by adding or subtracting certain types of income from the amount of federal adjusted gross income. HB 2415 would allow a subtraction modification from the federal adjusted gross income for any gain from the sale of property devoted to agricultural use that is purchased by a government agency as long as the property was not listed for sale at any time during the previous 12 months from the date of the actual sale. The subtraction modification would be effective beginning in tax year 2012.

The Department of Revenue indicates HB 2415 has the potential to reduce State General Fund revenues in FY 2013 and in each future fiscal year. The Department of Revenue does not have data on the amount of property devoted to agricultural use that is purchased by governments. However, this type of sale is estimated to be very limited and excluding any gains from the sale of this type of property from state income tax calculations is estimated to provide a negligible reduction to the State General Fund. Any fiscal effect associated with HB 2415 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue