

February 2, 2018

The Honorable Joe Seiwert, Chairperson
House Committee on Energy, Utilities and Telecommunications
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2515 by Representative Sloan

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2515 is respectfully submitted to your committee.

HB 2515 would allow any taxpayer that holds certificated telephone service territory in a rural area and is unable or unwilling to provide broadband service to the customers in that area to release those customers by filing a change of study area with the Kansas Corporation Commission. The taxpayer would then be entitled to a deduction from Kansas adjusted gross income in an amount that is equal to the amount of the value of the existing customers. The bill specifies how the valuation would be determined and how existing customers would be ensured of continuing service.

According to the Kansas Corporation Commission, enactment of HB 2515 would have no effect on agency expenditures or revenues. The Kansas Department of Revenue reports that enactment of HB 2515 would likely decrease state income tax collections by allowing a deduction for telephone service providers; however, the Department does not have the information necessary to estimate the amount of that decrease. The agency estimates that the total administrative cost of enactment of the bill would be \$52,870, with \$2,080 for changes to forms and letters, \$32,670 for systems testing, and \$18,120 for changes to information services. The agency has a number of questions and objections with regard to discrepancies in language and references within the bill that could cause or alter a fiscal effect. Any fiscal effect associated with HB 2515 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jake Fisher, KCC