



May 1, 2024

The Honorable Adam Smith, Chairperson
 House Committee on Taxation
 300 SW 10th Avenue, Room 346-S
 Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2846 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2846 is respectfully submitted to your committee.

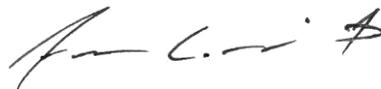
HB 2846 would enact the Child Care Contribution Tax Credit Act. The bill would allow verified contributions to a child care provider or intermediary to receive a 75.0 percent non-refundable tax credit beginning in tax year 2025. Tax credits would be limited to \$20.0 million per tax year and no single taxpayer would be allowed to claim more than \$200,000 in tax credits per tax year. If the tax credit amount exceeds the taxpayer’s Kansas adjusted gross income for that taxable year, the amount that exceeds the Kansas adjusted gross income could be carried forward for up to six years. The child care provider or intermediary would apply to the Department of Revenue to participate in this tax credit program and the Department would determine the eligibility of the child care provider or intermediary. Only contributions to a child care provider or intermediary that have entered into an agreement with the Department would qualify for this tax credit. The bill includes administrative requirements for a child care provider or intermediary receiving contributions and includes eligibles uses of contributions.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	\$139,210	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$139,210	--
Revenues			
State General Fund	--	--	(\$20,000,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	(\$20,000,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2846 would decrease State General Fund revenues by \$20.0 million in FY 2026 and in each future fiscal year. The Department of Revenue assumes that the full amount of allowable tax credits would be claimed in each tax year.

The Department indicates that the bill would require \$139,210 from the State General Fund in FY 2025 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, 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, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2846 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget