



February 19, 2026

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 2620 by Representative Osman, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2620 is respectfully submitted to your committee.

Under current law, the Kansas Earned Income Tax Credit (EITC) is calculated at 17.0 percent of the federal EITC claimed against the taxpayer's federal income tax liability. HB 2620 would increase the amount of the Kansas EITC to 18.0 percent for tax year 2026 and each future tax year.

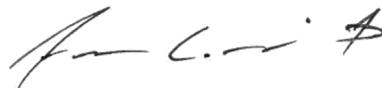
Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	\$26,830	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$26,830	--
Revenues			
State General Fund	--	(\$5,000,000)	(\$5,100,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	(\$5,000,000)	(\$5,100,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2620 would decrease State General Fund revenues by \$5.0 million in FY 2027, \$5.1 million in FY 2028, and \$5.2 million in FY 2029. To formulate these estimates, the Department of Revenue reviewed data on the Kansas EITC. The Department indicates that Kansas taxpayers claimed \$80.5 million in tax credits for tax year 2024 under the current rate of 17.0 percent of the federal tax credit. Increasing the amount of the Kansas EITC to 18.0 percent for tax year 2026 would increase the amount of credits claimed by \$5.0 million in FY 2027 after adjusting for credit increases published by the Internal Revenue Service for tax years 2024 through 2026. The Department indicates that the fiscal effect is expected to grow by 2.5 percent per year due to inflation.

The Department indicates that the bill would require \$26,830 from the State General Fund in FY 2027 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.

The Department for Children and Families indicates that it relies on the Kansas EITC to meet the federal Temporary Assistance for Needy Families (TANF) program maintenance of effort requirement. The TANF maintenance of effort is a fixed annual state expenditure requirement to qualify for the federal TANF Block Grant. Each state's maintenance of effort requirement is unique and based on a percentage of state expenditures immediately prior to the TANF Block Grant. For Kansas, the annual TANF maintenance of effort is \$65,790,382 in FY 2025. The bill would increase the state funds available to meet the TANF maintenance of effort by approximately \$3.8 million in FY 2026. State funds to meet the TANF maintenance of effort requirement for FY 2026 are projected to exceed the required expenditures by \$18.3 million. The increase in the EITC rate would result in an additional \$3.8 million being available. However, the bill would have no direct effect on the operations of the Department for Children and Families. Any fiscal effect associated with HB 2620 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Samir Arif, Department of Administration
Kim Holter, Department for Children & Families