



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 2628 by Representative Osman, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2628 is respectfully submitted to your committee.

HB 2628 would provide a new refundable income tax credit for tuition and fees paid by a qualified taxpayer for attendance at an eligible postsecondary educational institution. The bill defines a qualified taxpayer as a Kansas resident who paid the tuition and fees for attendance at an eligible postsecondary educational institution by either the taxpayer or a child or stepchild of the taxpayer. The bill caps the income tax credit at \$300 and qualified taxpayers could begin claiming the income tax credit in tax year 2026.

| Estimated State Fiscal Effect | | | |
|-------------------------------|---------|----------------|----------------|
| | FY 2026 | FY 2027 | FY 2028 |
| Expenditures | | | |
| State General Fund | -- | \$182,308 | \$88,488 |
| Fee Fund(s) | -- | -- | -- |
| Federal Fund | -- | -- | -- |
| Total Expenditures | -- | \$182,308 | \$88,488 |
| Revenues | | | |
| State General Fund | -- | (\$46,400,000) | (\$46,400,000) |
| Fee Fund(s) | -- | -- | -- |
| Federal Fund | -- | -- | -- |
| Total Revenues | -- | (\$46,400,000) | (\$46,400,000) |
| FTE Positions | -- | 1.00 | 1.00 |

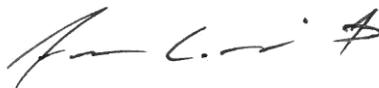
The Department of Revenue estimates that HB 2628 would decrease State General Fund revenues by \$46.4 million in FY 2027, FY 2028, and FY 2029. To formulate these estimates, the Department of Revenue reviewed data on postsecondary enrollment and graduation retention from the Kansas Legislative Research Department. Data indicated that Kansas institutions had 219,604 students enrolled for academic year 2022 and data on the 2021 graduation class indicated that 70.5 percent of students resided in Kansas the following year. The Department estimates that approximately 154,821 students or parents could claim these income tax credits each year. The low cap and refundability of the income tax credit make it likely that each qualified taxpayer would fully utilize the \$300 income tax credit for an annual impact of \$46.4 million. This income tax credit is available starting in tax year 2026 with the first impact being seen in FY 2027.

The Department of Revenue indicates that the bill would require \$182,308 from the State General Fund in FY 2027 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE position to answer questions from taxpayers and to assist with the administration of this new program. The Department estimates that ongoing expenses for salaries and wages for the 1.00 FTE position and overhead expenses would total \$88,488 from the State General Fund in FY 2028. 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 of Administration indicates that adjusting state income tax collections has the potential to have a fiscal effect on the amount of revenue collected from its debt setoff program. This program intercepts individual income tax refunds and homestead tax refunds and applies those amounts to debts owed to state agencies, municipalities, district courts, and state agencies in other states. Debts include, but are not limited to child support, taxes, educational expenses, fines, services provided to the debtor, and court-ordered restitution. As the dollar amounts of refunds would be increased, the amount available for possible debt setoffs would also be increased. However, the Department is unable to make a precise estimate of the amount of debt setoffs that would be intercepted as a result of the bill.

The Board of Regents indicates the bill would have no fiscal effect on its operations or the state's postsecondary education system. Any fiscal effect associated with HB 2628 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Becky Pottebaum, Board of Regents
Samir Arif, Department of Administration
Lynn Robinson, Department of Revenue