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Adam C. Proffitt, Director

Laura Kelly, Governor

February 3, 2026

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 368 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 368 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. SB 368 would enact the Health Care Sharing Ministries Tax Deduction Act that would allow taxpayers to subtract the amount of contributions to a health care sharing ministry from income for Kansas income tax purposes beginning in tax year 2027. The bill includes definitions of a health care sharing ministry, qualified health care share received, and qualified health care sharing expenses.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	$84,870	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	$84,870	--
Revenues			
State General Fund	--	($400,000)	($1,200,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	($400,000)	($1,200,000)
FTE Positions	--	--	--

The Department of Revenue estimates that SB 368 would decrease State General Fund revenues by $400,000 in FY 2027 and by $1.2 million in both FY 2028 and FY 2029. An exact number of Kansans using health care sharing ministries is not available. To formulate these estimates, the Department of Revenue reviewed data on health care sharing ministries from the Alliance of Health Care Sharing Ministries and from the Colorado Department of Regulatory Agencies Division of Insurance. Using these resources, the Department of Revenue estimates there are 11,015 Kansas households taking part in a health care sharing ministry. Industry data suggests a typical household's plan would cost $3,154 a year. This would create subtraction modifications, reducing taxable income by $34.7 million per year. Using an effective tax rate of 3.5 percent, the bill would reduce state income tax collections by approximately $1.2 million per year. The estimate for FY 2027 includes 30.0 percent of tax year 2027 tax liability. The estimate for FY 2028 includes 70.0 percent of tax year 2027 tax liability and 30.0 percent of tax year 2028 tax liability.

The Department indicates that the bill would require $84,870 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. Any fiscal effect associated with SB 368 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