

January 15, 2020

The Honorable Steven Johnson, Chairperson
House Committee on Taxation
Statehouse, Room 185A-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2427 by Representative Murnan

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2427 is respectfully submitted to your committee.

Calculations for Kansas income taxes are based on the Kansas adjusted gross income, which is calculated by adding or subtracting certain types of income from the amount of federal adjusted gross income. HB 2427 would allow the amount of any National Service Education Award for service in an approved AmeriCorps National Service Program to be subtracted from income for Kansas income tax purposes beginning in tax year 2020.

The Department of Revenue estimates that HB 2427 would decrease State General Fund revenues by approximately \$50,000 in FY 2021 and in each future fiscal year. To formulate these estimates, the Department of Revenue reviewed data on Kansans receiving National Service Education Awards. The Department indicated that 355 participants in Kansas received awards totaling \$1,061,770 from February 7, 2018, through February 6, 2019, and the fiscal note assumes that similar scholarships will be awarded in future years.

The Department indicates that the bill would require \$43,401 from the State General Fund in FY 2021 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 Board of Regents indicates the bill has the potential to increase the number of individuals choosing to participate in AmeriCorps programs; however, it is not possible to estimate any potential fiscal impact on higher education institutions within the Board of Regents system because it is unknown how many students would take advantage of the new income tax program. Any fiscal effect associated with HB 2427 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large, sweeping initial "L".

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Kelly Oliver, Board of Regents