

February 22, 2019

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 179 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 179 is respectfully submitted to your committee.

Under current law, taxpayers filing as single, head of household, married filing separate, or married filing jointly are allowed to subtract the amount of Social Security benefits from federal adjusted gross income for Kansas income tax purposes if the taxpayer has income of \$75,000 or less. SB 179 would allow married filing jointly taxpayers to subtract the amount of Social Security benefits from federal adjusted gross income for Kansas income tax purposes if the taxpayer has income of \$150,000 or less beginning in tax year 2019.

| Estimated State Fiscal Effect |                |                      |                |                      |
|-------------------------------|----------------|----------------------|----------------|----------------------|
|                               | FY 2019<br>SGF | FY 2019<br>All Funds | FY 2020<br>SGF | FY 2020<br>All Funds |
| Revenue                       | --             | --                   | (\$54,400,000) | (\$54,400,000)       |
| Expenditure                   | --             | --                   | \$92,321       | \$92,321             |
| FTE Pos.                      | --             | --                   | --             | --                   |

The Department of Revenue estimates that SB 179 would decrease State General Fund revenues by \$54.4 million in FY 2020, \$55.7 million in FY 2021, and \$57.0 million in FY 2022. To formulate these estimates, the Department reviewed data on Social Security benefits from tax year 2017. The Department adjusted the amount of Social Security benefits to account for cost of living adjustments that have occurred since tax year 2017 and used an average growth rate of 2.4

percent for future years. The Department created a simulated tax table for married filing jointly taxpayers with income above \$75,000 and below \$150,000 that receive Social Security benefits that shows that State General Fund revenues would decrease by \$54.4 million in FY 2020 as a result of this bill.

The Department of Revenue indicates that it would require a total of \$92,321 from the State General Fund in FY 2020 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 and outside contract programmer services. 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 179 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in cursive script that reads "L. L. Campbell".

Larry L. Campbell  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Colleen Becker, Department of Administration