

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2727

As Amended by House Committee on Taxation

Brief*

HB 2727, as amended, would expand the income tax exemption for certain Social Security benefits to phase out taxpayer eligibility for the exemption through a linear transition formula from \$75,000 in federal adjusted gross income to \$85,000 in federal adjusted gross income. Current law ends eligibility at \$75,000 with no phase out.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Adam Smith.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a representative of the Tax Simple Center, stating the bill provided a smoother transition than current law, but a formulaic approach would provide a still smoother transition.

No other testimony was provided.

The House Committee amended the bill to replace a percent-based transition with a formulaic linear transition.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill would reduce state receipts by \$1.8 million in FY 2023, \$6.0 million in FY 2024, and \$6.5 million in FY 2025. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; income tax; Social Security benefits