

March 22, 2023

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 306 by Senate Committee on Assessment and Taxation

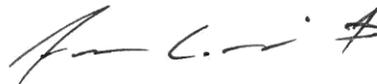
In accordance with KSA 75-3715a, the following fiscal note concerning SB 306 is respectfully submitted to your committee.

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 federal adjusted gross income. SB 306 would allow the amount of losses from any investment, including any alternative asset investment, in a technology-enabled fiduciary financial institution to be added to income for Kansas income tax purposes. The bill would apply this addition modification retroactively to tax year 2022.

The Department of Revenue estimates that SB 306 has the potential to increase State General Fund revenue by negligible amounts beginning in FY 2024. The bill would require any loss reported on any applicable federal income tax return to be added to federal adjusted gross income for Kansas income tax purposes beginning with tax year 2022.

The Department indicates that the bill would require \$27,780 from the State General Fund in FY 2024 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 306 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue