



February 26, 2025

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 226 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 226 is respectfully submitted to your committee.

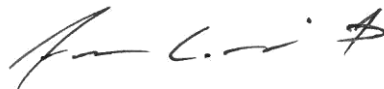
Under current law, taxpayers are required to pay state income taxes on certain gambling winnings but are not allowed to deduct any losses from gambling. SB 226 would allow 100.0 percent of gambling losses claimed on federal income tax returns to be claimed as an itemized deduction on state income tax returns beginning in tax year 2025 and in each future tax year. The bill would also remove outdated statutory references.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$73,545	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$73,545	--
Revenues			
State General Fund	--	(\$15,800,000)	(\$15,800,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	(\$15,800,000)	(\$15,800,000)
FTE Positions	--	--	--

The Department of Revenue estimates that SB 226 would decrease State General Fund revenues by \$15.8 million in FY 2026 and in each future fiscal year. To formulate this estimate, the Department reviewed Internal Revenue Service data on gambling losses claimed on federal tax returns. The Department of Revenue estimates that Kansas taxpayers would claim approximately \$451.4 million in gambling losses in tax year 2025, and using an effective tax rate of 3.5 percent, the bill would reduce state income tax collections by approximately \$15.8 million in tax year 2025 or FY 2026.

The Department of Revenue indicates that it would require a total of \$73,545 from the State General Fund in FY 2026 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 226 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt" with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue