



January 29, 2025

The Honorable Adam Smith, Chairperson
 House Committee on Taxation
 300 SW 10th Avenue, Room 346-S
 Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2059 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2059 is respectfully submitted to your committee.

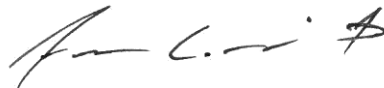
Calculations for Kansas income taxes are based on Kansas adjusted gross income, which is calculated by adding or subtracting certain types of income from federal adjusted gross income. HB 2059 would allow the amounts paid during the tax year as a member of a health care sharing ministry to be subtracted from income for Kansas income tax purposes beginning in tax year 2026. The bill includes the requirement that the amount paid to the health care sharing ministry be included in federal adjusted gross income for federal income tax purposes. The bill includes the requirements to be classified as a health care sharing ministry.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$84,870	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$84,870	--
Revenues			
State General Fund	--	(\$1,000,000)	(\$3,400,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	(\$1,000,000)	(\$3,400,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2059 would reduce State General Fund revenues by \$1.0 million in FY 2026, and by \$3.4 million in both FY 2027 and FY 2028. An exact count of Kansans using health care sharing ministries is not available. To formulate these estimates, the Department of Revenue reviewed data from the Alliance of Health Care Sharing Ministries and the Colorado Division of Insurance's annual count of sharing plans, and estimates that there are 32,466 Kansans taking part in a health care sharing ministry. Industry data suggests a typical plan will cost \$3,010 a year. At an effective tax rate of 3.5 percent, this would reduce State General Fund revenues by approximately \$3.4 million per tax year. The estimate for FY 2026 includes 30.0 percent of tax year 2026 tax liability. The estimate for FY 2027 includes 70.0 percent of tax year 2026 tax liability and 30.0 percent of tax year 2027 tax liability.

The Department indicates that the bill would require \$84,870 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 HB 2059 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