



February 6, 2025

The Honorable Sean Tarwater, Chairperson  
 House Committee on Commerce, Labor and Economic Development  
 300 SW 10th Avenue, Room 346-S  
 Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Fiscal Note for HB 2119 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2119 is respectfully submitted to your committee.

HB 2119 would discontinue the Kansas Affordable Housing Tax Credit on July 1, 2025, and no allocation of credits would be awarded by the Kansas Housing Resources Corporation (KHRC) after June 30, 2025. Any Affordable Housing Tax Credit allocation that has been awarded to the owner of a qualified development by KHRC would still be able to claim the tax credit and any applicable carry forward period if the owner has received the allocation certificate from KHRC.

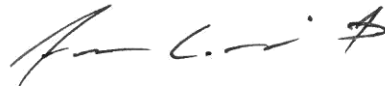
Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
<b>Expenditures</b>			
State General Fund	--	\$39,400	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$39,400	--
<b>Revenues</b>			
State General Fund	--	--	\$12,600,000
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	\$12,600,000
FTE Positions	--	--	--

KHRC indicates that it has issued \$56.5 million in Affordable Housing Tax Credit allocations to the owners of qualified developments since the program began in 2023. KHRC indicates that there is usually at least a two-year lag before a qualified project receives its tax credit allocation and when the qualified project is complete and receives its allocation certificate. KHRC estimates that approximately \$2.1 million of all qualified projects would receive the allocation certificate before the July 1, 2025 deadline in HB 2119. KHRC has reviewed current project completion plans from qualified projects and estimates that approximately \$12.6 million in qualified projects would receive allocation certificates in tax year 2026 (FY 2027), \$41.3 million in tax year 2027 (FY 2028), and \$15.2 million in tax year 2028 (FY 2029). Under current law, there would also be additional qualified projects that would be completed beginning in tax year 2027 (FY 2028). Approved projects can claim the tax credit amount for next ten years.

The Department of Revenue reviewed data from the KHRC and estimates that discontinuing the Kansas Affordable Housing Tax Credit on July 1, 2025, would increase State General Fund revenues by \$12.6 million in FY 2027, \$41.3 million in FY 2028, and \$69.1 million in FY 2029. The Department of Revenue analysis factors in new qualified projects that would have been completed in the future and the \$2.1 million from qualified projects that would receive the allocation certificate before the July 1, 2025 deadline, allowing them to claim these tax credits beginning in tax year 2025 (FY 2026) and in the next nine tax years.

The Department indicates that the bill would require \$39,400 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 2119 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue