

SESSION OF 2011

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2347

As Amended by House Committee on
Taxation

Brief*

HB 2347, as amended, would eliminate, beginning in tax year 2011, the refundability of the state earned income tax credit (EITC) and would, instead, authorize unused credit amounts in excess of liability to be carried forward for up to five years.

Background

The original bill would have eliminated refundability and would have reduced the percentage of the federal EITC allowed to be claimed as the Kansas EITC. The House Taxation Committee amended the bill to remove the proposed reduction in the percentage, and to add the five-year carry-forward provision.

Representative Calloway appeared as a proponent. Opponents included the Kansas Catholic Conference, Sisters of Charity of Leavenworth, Catholic Charities of Northeast Kansas, Kansas Action for Children, and United Community Services of Johnson County.

The Department of Revenue said that the amended version of the bill would be expected to reduce income tax refunds (and increase net State General Fund receipts) by \$56.1 million in FY 2012.

*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>

Testimony from the Department of Social and Rehabilitation Services indicated the refundable portion of the EITC currently is counted as part of the state's maintenance of effort (MOE) to qualify for the federal Temporary Assistance for Needy Families (TANF) block grant; and, if refundability were to be repealed, an additional \$29 million in State General Fund expenditures would be necessitated in FY 2012 to keep the MOE at a level to prevent loss of TANF monies.