

February 18, 2013

The Honorable Les Donovan, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Donovan:

**SUBJECT:** Fiscal Note for SB 189 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 189 is respectfully submitted to your committee.

SB 189 would allow an income tax credit for expenses related to making a personal residence accessible to individuals with a disability. The maximum tax credit allowed would be \$9,000 and the amount of the tax credit would be based on the amount of qualifying expenditures and the amount of the taxpayer's Kansas adjusted gross income (KAGI). If the taxpayer's KAGI is less than \$25,000, then 100.0 percent of the qualifying expenditures would be allowed to be claimed as a tax credit. The percentage is reduced by 10.0 percent for each additional \$5,000 of KAGI, and no tax credit would be allowed if KAGI is over \$55,000. The credit is non-refundable unless the taxpayer's tax liability is less than \$2,250 in any year. If the taxpayer's tax liability is less than \$2,250 then an amount equal to 25.0 percent of the tax credit which exceeds the taxpayer's liability becomes refundable. The tax credit would take effect beginning in tax year 2013. The bill would reauthorize the disabled access tax credit which was eliminated for individual taxpayers in the major income tax reduction bill of the 2012 Legislative Session (HB 2117).

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	(\$32,000)	(\$32,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 189 would decrease State General Fund revenues by \$32,000 in FY 2014 and in each future fiscal year. The decrease in revenues and

how the November 6, 2012 consensus revenue estimate for FY 2014 would be affected are shown in the following table:

Effect on FY 2014 Consensus Revenue Estimates  
 (Dollars in Thousands)

Receipt Description	Consensus Revenue Estimates (Nov. 6, 2012)	Change in Revenue FY 2014	Proposed Adjusted CRE FY 2014
Motor Carrier	\$ 39,000	\$ --	\$ 39,000
Income Taxes:			
Individual	2,385,000	(32)	2,384,968
Corporate	360,000	--	360,000
Financial Institutions	30,000	--	30,000
Excise Taxes:			
Retail Sales	1,952,000	--	1,952,000
Compensating Use	303,000	--	303,000
Cigarette	92,000	--	92,000
Corporate Franchise	6,000	--	6,000
Severance	137,400	--	137,400
All Other Excise Taxes	99,600	--	99,600
Other Taxes	<u>151,500</u>	<u>--</u>	<u>151,500</u>
Total Taxes	\$5,555,500	(\$ 32)	\$5,555,468
Other Revenues:			
Interest	\$ 9,700	\$ --	\$ 9,700
Transfers	(155,900)	--	(155,900)
Agency Earnings	<u>55,000</u>	<u>--</u>	<u>55,000</u>
Total Other Revenues	(\$ 91,200)	\$ --	(\$ 91,200)
Total Receipts	\$5,464,300	(\$ 32)	\$5,464,268

The fiscal effect to state revenues during subsequent years would be as follows:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
State General Fund	(\$32,000)	(\$32,000)	(\$32,000)	(\$32,000)

To formulate these estimates, the Department of Revenue reviewed data on the disabled access tax credit. The Department indicates that 14 individual Kansas taxpayers claimed approximately \$32,000 in disabled access tax credits in tax year 2010. The Department indicates that if the disabled access tax credit is restored for tax year 2013 and for each future tax year, then the fiscal effect would be a reduction of approximately \$32,000 from the State General Fund per fiscal year. The Department of Revenue indicates the costs associated with implementing the bill would be negligible and could be absorbed within existing resources.

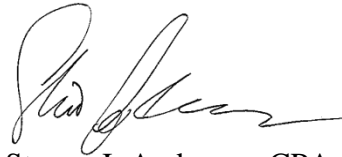
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The Kansas Department for Aging and Disability Services (KDADS) indicates the bill would have no fiscal effect on its operations. However, the bill has the potential to provide benefits to taxpayers who may also receive services from KDADS. Any fiscal effect associated with SB 189 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Steve Neske, Revenue  
Dave Halferty, KDADS