

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2060

As Amended by Senate Committee on
Assessment and Taxation

Brief*

HB 2060, as amended, would clarify (retroactive to June 30, 2011) the Department of Revenue's current interpretation that incarcerated persons are not eligible for either the food sales tax rebate or homestead property tax refund program.

The bill further would reduce the rate of the Kansas Earned Income Tax Credit (EITC) from 17 percent of the federal EITC to 9 percent beginning in tax year 2013.

Finally, also beginning in tax year 2013, the bill would expand the Homestead Property Tax Refund program by raising the upper income threshold for the program from \$32,400 to \$34,400, expanding the current indexation features of the program prospectively, and increasing the maximum refund amount from \$700 to \$1,200.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The original bill dealt with the eligibility of certain incarcerated persons for food sales tax rebates.

The Small Claims Division of the Court of Tax Appeals recently issued a decision awarding a prisoner a food sales tax rebate. The Department has appealed that ruling to the

*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>

full Court of Tax Appeals but, in the meantime, is seeking statutory clarification that incarcerated persons are not eligible for those rebates or the homestead program. These provisions do not have a fiscal impact.

The House Taxation Committee amendments were suggested by the Department and are technical in nature.

The Senate Assessment and Taxation Committee on March 25 amended the bill to incorporate the provisions of SB 232 relating to contraction of the EITC and expansion of the homestead program.

Based on the latest information available from the Department of Revenue, the bill would be expected to have the following impact on State General Fund receipts:

(\$ in millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>5-yr Total</u>
EITC						
Contraction	\$ 42.40	\$ 44.10	\$ 45.86	\$ 47.69	\$ 49.60	\$ 229.65
Homestead						
Expansion	(42.40)	(43.67)	(44.98)	(46.33)	(47.72)	(225.10)
Total	\$ 0.00	\$ 0.43	\$ 0.88	\$ 1.36	\$ 1.88	\$ 4.55