

UPDATED
SESSION OF 2013

SUPPLEMENTAL NOTE ON SENATE BILL NO. 232

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 232 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. 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.

Background

Senator Jeff King appeared as a proponent of the bill and indicated the general intent of the bill was that the reduction in the EITC be approximately equivalent to and offset the expansion of the Homestead Refund program.

Representatives from Kansas Action for Children and the Sisters of Charity of Leavenworth provided opposition testimony. There was no neutral testimony.

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

*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>

(\$ 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