

April 5, 2019

The Honorable Steven Johnson, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2409 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2409 is respectfully submitted to your committee.

HB 2409 would allow any taxpayer who contributes to a postsecondary educational institution, community college or technical college a tax credit not to exceed 70.0 percent of the amount contributed, up to \$500,000 for any tax year. The total amount of credits allowed in the program must not exceed \$10.0 million for any tax year. If the amount of the tax credit for a taxpayer who contributes to a postsecondary educational institution, community college or technical college exceeds the taxpayer's income tax liability for the tax year, the amount that exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. The bill would take affect after its publication in the statute book.

The Department of Revenue does not have sufficient information to estimate a reliable fiscal impact related to the contributions made to a postsecondary educational institution, community college or technical college. However, the Department indicates the bill would decrease annual revenues to the State General Fund by no more than \$10.0 million as specified. The Department indicates it would require a total of \$869,338 from the State General Fund in FY 2020 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 and outside contract programmer services. 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 2409 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with the first name "L." and last name "Campbell" clearly visible.

Larry L. Campbell
Director of the Budget

cc: Kelly Oliver, Board of Regents
Lynn Robinson, Department of Revenue