

February 19, 2021

The Honorable Adam Smith, Chairperson
House Committee on Taxation
Statehouse, Room 185A-N
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2304 by Representative Toplikar

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2304 is respectfully submitted to your committee.

Under current law, the income tax credit for expenditures made by a taxpayer to make the taxpayer's principal dwelling or the dwelling of a lineal ascendant or descendant accessible to individuals with a disability is \$9,000 or an amount equal to the applicable percentage of expenditures, whichever is less. HB 2304 would increase this tax credit amount to the lesser of \$15,000 or the applicable percentage of expenditures beginning in tax year 2021. The bill would increase the federal adjusted gross income levels and the applicable percentages eligible for the tax credit as follows:

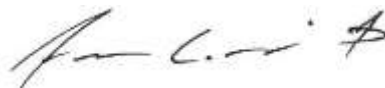
<u>Current Law</u> <u>All Filers</u> <u>Federal Adjusted</u> <u>Gross Income</u>	<u>New Law</u> <u>Married Filing Jointly</u> <u>Federal Adjusted</u> <u>Gross Income</u>	<u>New Law</u> <u>All Other Filers</u> <u>Federal Adjusted</u> <u>Gross Income</u>	<u>% of Expenditures</u> <u>Eligible for Credit</u>
\$0 to \$25,000	\$0 to \$60,000	\$0 to \$40,000	100.0 %
\$25,001 to \$30,000	\$60,001 to \$70,000	\$40,001 to \$50,000	90.0 %
\$30,001 to \$35,000	\$70,001 to \$80,000	\$50,001 to \$60,000	80.0 %
\$35,001 to \$40,000	\$80,001 to \$90,000	\$60,001 to \$70,000	70.0 %
\$40,001 to \$45,000	\$90,001 to \$100,000	\$70,001 to \$80,000	60.0 %
\$45,001 to \$55,000	\$100,001 to \$110,000	\$80,001 to \$90,000	50.0 %
--	\$110,001 to \$120,000	\$90,001 to \$100,000	40.0 %
--	\$120,001 to \$130,000	\$100,001 to \$110,000	30.0 %
--	\$130,001 to \$140,000	\$110,001 to \$120,000	20.0 %
--	\$140,001 to \$150,000	\$120,001 to \$130,000	10.0 %
Over \$55,000	Over \$150,000	Over \$130,000	0.0 %

The bill increases the minimum tax liability threshold amount that allows a portion of the credit to be refunded to the taxpayers in subsequent years from \$2,250 to \$3,750. The bill would allow the maximum credit amount and minimum tax liability threshold amount to be adjusted annually beginning in tax year 2022, according to the cost-of-living adjustments from the federal Internal Revenue Service.

The Department of Revenue estimates that HB 2304 would decrease State General Fund revenues by a negligible amount in tax year 2021 or FY 2022. The Department indicates that the bill would also have a similar fiscal effect in future years. The Department of Revenue indicates that five taxpayers claimed \$22,400 in disabled access tax credits in tax year 2018. There were fewer than five taxpayers that claimed this tax credit in tax year 2019.

The Department of Revenue indicates that it would require a total \$48,060 from the State General Fund in FY 2022 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. 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 2304 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Connie Hubbell, Aging & Disability Services