

February 4, 2022

The Honorable Adam Smith, Chairperson
House Committee on Taxation
Statehouse, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2558 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2558 is respectfully submitted to your committee.

Calculations for Kansas income taxes are based on the Kansas adjusted gross income, which is calculated by adding or subtracting certain types of income from the federal adjusted gross income. HB 2558 would allow for the certain contributions to the Board of Pharmacy to be subtracted from income for Kansas income tax purposes beginning in tax year 2022. The amounts contributed to the Board of Pharmacy as a donation, gift, or bequest made to the Board would be for furthering any phase of the Kansas Prescription Drug Monitoring Program (K-TRACS.)

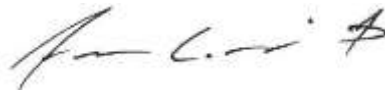
The Department of Revenue estimates that HB 2558 would decrease State General Fund revenue beginning in FY 2023. However, the Department does not have sufficient information to make a precise estimate of the amount of donations that the Board of Pharmacy would receive under the provisions of the bill that would also qualify for this new subtraction modification.

The Department of Revenue indicates that it would require a total \$89,805 from the State General Fund in FY 2023 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.

The Board of Pharmacy indicates that the costs to implement the bill would be negligible and could be implemented within existing resources and staff levels. The Board indicates that it

has received no donations to support the K-TRACS Program during the life of the program and by creating a tax deduction for donors could incentivize donations to help support this program. The Board does not know how many donations that would be made as a result of this bill that would qualify for this new tax benefit. Any fiscal effect associated with HB 2558 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Alexandra Blasi, Board of Pharmacy