

February 7, 2022

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 426 by Senator Sykes

In accordance with KSA 75-3715a, the following fiscal note concerning SB 426 is respectfully submitted to your committee.

Under current law, only corporate taxpayers can claim the 50.0 percent child day care assistance tax credit if they provide facilities and necessary equipment for a child day care services in the initial year and could claim the 30.0 percent tax credit if they provide these services in future years or if the taxpayer pays for or locates child day care services for their employees. SB 426 would also allow individual income taxpayers to claim this tax credit and increases the tax credit to 50.0 percent for taxpayers that provide facilities and necessary equipment for a child day care services after the initial year or if the taxpayer pays for or locates child day care services for their employees beginning in tax year 2022.

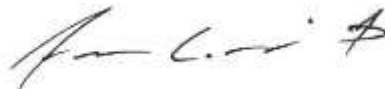
Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	(\$89,000)	(\$89,000)
Expenditure	--	--	\$59,026	\$59,026
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 426 would decrease State General Fund revenues by \$89,000 in FY 2023. The Department indicates that similar results would also occur in future fiscal years. To formulate these estimates, the Department reviewed historical data on the child day care assistance tax credit that was available to be claimed by individual taxpayers

prior to tax year 2013. While the tax credit is capped at \$3.0 million per year, the Department estimates that only an additional \$89,000 in tax credits will be claimed in tax year 2022 or FY 2023.

The Department of Revenue indicates that it would require a total \$59,026 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. Any fiscal effect associated with SB 426 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