

February 21, 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 520 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 520 is respectfully submitted to your committee.

SB 520 would allow Kansas residents that are employed as a public or private school teacher to receive a new refundable income tax credit for the amount of expenditures made by the teacher for school and classroom supplies. The amount of the credit would be capped at \$250 per tax year and the tax credit would begin retroactively to tax year 2021.

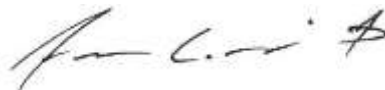
Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	(\$20,400,000)	(\$20,400,000)
Expenditure	--	--	\$122,786	\$122,786
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 520 would decrease State General Fund revenues by \$20.4 million in FY 2023, \$10.4 million in FY 2024, and \$10.5 million in FY 2025. To formulate these estimates, the Department of Revenue reviewed public and private school teacher count data from the National Center for Education Statistics. That data indicated that there are 40,272 teachers in Kansas for school year 2019-2020, including 36,603 public school teachers and 3,669 private school teachers. If all these teachers claim the full \$250 tax credit, then approximately \$10.0 million in tax credits would be claimed. The Department estimates that the number of tax returns claiming this new tax credit would increase by 1.0 percent each year.

Because the bill is retroactive to tax year 2021, the fiscal effect of FY 2023 includes tax liability from both tax year 2021 and tax year 2022.

The Department of Revenue indicates that it would require a total \$122,786 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 520 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
Craig Neuenswander, Education