

March 6, 2023

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2411 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2411 is respectfully submitted to your committee.

Under current law, the penalty for the failure of an employer to remit any amount of withholding taxes is 15.0 percent of the amount of underpayment. HB 2411 would set the penalty as a percentage of the amount of the underpayment as follows:

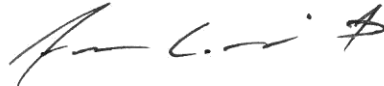
1. 2.0 percent if remitted within one to five days;
2. 5.0 percent if remitted within six to 15 days;
3. 10.0 percent if remitted after 15 days; and
4. 15.0 percent if remitted after 15 days and the Department has issued a notice to the person regarding the underpayment, but the amount of the underpayment was not remitted within ten days of issuance of the notice.

The Department of Revenue estimates that HB 2411 has the potential to increase State General Fund revenues by negligible amounts beginning in FY 2024. The current 15.0 percent penalty has resulted in a very small number of employers not paying withholding taxes on or before the due date. If the 2.0 percent penalty on late payments within one to five days of the due date leads to a slight increase in late payments, then penalty receipts could slightly increase by unknown amounts. According to the Department, updating the withholding tax guide would cost \$600 from

The Honorable Adam Smith, Chairperson
Page 2—HB 2411

the State General Fund in FY 2024. Any fiscal effect associated with HB 2411 is not reflected in *The FY 2024 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