



Adam C. Proffitt, Director

Laura Kelly, Governor

April 1, 2024

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 2841 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2841 is respectfully submitted to your committee.

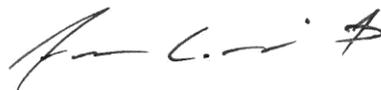
Under current law, if a taxpayer is 65 years of age or older with household income equal to or less than 120.0 percent of the federal poverty level for two persons and the appraised value of their residence is under \$350,000, they are eligible to claim the 75.0 percent Selective Assistance for Effective Senior Relief (SAFE SR) tax credit. HB 2841 would set the household income limitation to equal to or less than \$28,000 for two persons to qualify for this tax credit beginning in tax year 2024 and would adjust this amount based on the cost-of-living adjustment published in the Internal Revenue Code beginning in tax year 2024 and annually thereafter.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	\$67,340	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$69,970	--
Revenues			
State General Fund	--	(\$1,400,000)	(\$1,400,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	(\$1,400,000)	(\$1,400,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2694 would decrease State General Fund revenues by \$1.4 million in FY 2025, FY 2026, and FY 2027. To formulate these estimates, the Department of Revenue reviewed property tax data from the Property Valuation Division of the Department of Revenue. The household income limitation for the SAFE SR program for tax year 2023 was \$23,700. Under current law, the Department estimates the household income limitation would increase to \$24,400 in tax year 2024, while this bill would increase the household income limitation by an additional \$3,600 to \$28,000. The Department estimates that this would provide for an additional 1,000 claimants for this program. With an average credit of \$1,400, the estimated fiscal impact would be \$1.4 million each year.

The Department of Revenue indicates that it would require a total of \$67,340 from the State General Fund in FY 2025 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 2841 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

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

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue