

February 27, 2023

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
300 SW 10th Avenue, Room 548-S  
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 147 by Senator Blasi

In accordance with KSA 75-3715a, the following fiscal note concerning SB 147 is respectfully submitted to your committee.

Under current law, taxpayers are allowed to claim the non-refundable income tax credit based on the amount claimed on the federal adoption tax credit that is set at 25.0 percent for an adopted child that was not a Kansas resident prior to adoption, 50.0 percent for an adopted child that was a Kansas resident prior to adoption, and 75.0 percent for an adopted child with special needs that was a Kansas resident prior to adoption. SB 147 would increase the state adoption tax credit to 100.0 percent of the amount claimed on the federal adoption tax credit for any adopted child beginning in tax year 2023. In addition, the bill would allow the tax credit to be refunded to the taxpayer in any amount that exceeds the taxpayer's income tax liability.

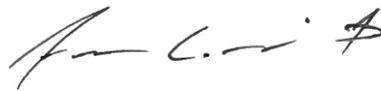
Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$14,500,000)	(\$14,500,000)
Expenditure	--	--	\$48,507	\$48,507
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 147 would decrease State General Fund revenues by \$14.5 million in FY 2024 and future fiscal years. To formulate these estimates, the Department of Revenue reviewed data on the adoption tax credit. Kansas taxpayers claimed \$16.4 million in federal adoption tax credits and \$1.9 million in state adoption tax credits in tax year

2021. Allowing 100.0 percent of the federal tax credit to be claimed on the state tax return and allowing the full amount claimed to be refunded is estimated to allow \$16.4 million state adoption credits to be claimed which is an increase of \$14.5 million in tax year 2023 or FY 2024.

The Department indicates that the bill would require \$48,507 from the State General Fund in FY 2024 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 147 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