

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2161**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Senate Sub. for HB 2161 would make the Kansas Earned Income Tax Credit (EITC) non-refundable beginning in tax year 2012 and would make a number of changes to the Homestead Property Tax Refund Program.

Relative to the Homestead changes, renters would no longer be eligible to participate in the program beginning in tax year 2012. The balance of the program would be enhanced in a number of ways including: an increase in the maximum allowable refund (from \$700 under current law to \$1200 under the bill); expanding the size of the brackets used to compute refund amounts; and indexing the brackets for inflation.

Background

The House version of the bill adopted in 2011 would have changed current statutory rules for purposes of in-state sales tax transactions from destination-sourcing (where the applicable local sales tax rate is determined at the location where the consumer receives the purchased item) to allow retailers to utilize either destination-sourcing or origin-sourcing (where the applicable local sales tax rate is determined at the seller's location).

The Senate Assessment and Taxation Committee

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

removed the House-passed provisions entirely; recommended that a substitute bill be created; and inserted the subject matter of SB 445 dealing with the EITC and the Homestead Program.

Based on the latest information available from the Department of Revenue, the bill would be expected to have the following fiscal impact:

	Non- Refundable EITC	Eliminate Homestead Renters	Homeowners Expanded Homestead Refund	Net Impact
FY 2013	\$ 60.0	\$ 13.0	\$ (43.0)	\$ 30.0
FY 2014	61.8	13.3	(44.1)	31.1
FY 2015	63.7	13.7	(45.2)	32.1
FY 2016	65.6	14.0	(46.3)	33.3
FY 2017	67.5	14.3	(47.5)	34.4