

February 23, 2017

The Honorable Steven Johnson, Chairperson  
House Committee on Taxation  
Statehouse, Room 185-N  
Topeka, Kansas 66612

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2287 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2287 is respectfully submitted to your committee.

HB 2287 would allow taxpayers to claim all federal itemized deductions, other than federal deductions for personal exemptions, on their state tax return beginning in tax year 2018 and each future tax year.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	(\$150,000,000)	(\$150,000,000)	(\$151,500,000)	(\$151,500,000)
Expenditure	\$41,263	\$41,263	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2287 would decrease State General Fund revenues by \$150.0 million in FY 2018 and by \$151.5 million in FY 2019. To formulate these estimates, the Department of Revenue reviewed data from tax year 2012 when Kansas fully allowed itemized deductions compared to tax year 2015 to establish a baseline. The Department of Revenue indicates that State General Fund estimates for FY 2018 and FY 2019 are based on the November 2016 Consensus Revenue Estimate.

The Department indicates that the bill would require \$41,263 from the State General Fund in FY 2018 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

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Revenue. However, 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.

The Department of Administration indicates that adjusting state income tax collections has the potential to have a fiscal effect on the amount of revenue collected from its debt setoff program. This program intercepts individual income tax refunds and homestead tax refunds and applies those amounts to debts owed to state agencies, municipalities, district courts, and state agencies in other states. Debts include, but are not limited to child support, taxes, educational expenses, fines, services provided to the debtor, and court ordered restitution. As the dollar amounts of refunds are increased, the amount available for possible debt setoffs is also increased. However, the Department is unable to make an estimate of the amount of debt setoffs that will be intercepted as a result of the bill. Any fiscal effect associated with HB 2287 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", followed by a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Colleen Becker, Department of Administration