

March 28, 2022

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 548-S  
Topeka, Kansas 66612

Dear Senator Tyson:

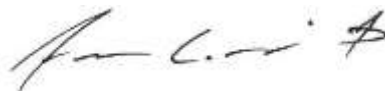
**SUBJECT:** Fiscal Note for SB 556 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 556 is respectfully submitted to your committee.

Calculations for Kansas income taxes are based on the Kansas adjusted gross income, which is calculated by adding or subtracting certain types of income from the federal adjusted gross income. The bill would allow the amount of disallowed federal Work Opportunity Tax Credits to be subtracted from income for Kansas income tax purposes. Additionally, the amount of disallowed federal Employee Retention Credits would be subtracted from income for Kansas income tax purposes in tax year 2020 and tax year 2021.

The Department of Revenue indicates that SB 556 would decrease State General Fund revenues by unknown amounts beginning in FY 2023. The Department does not have data on how many taxpayers claimed the federal Work Opportunity Tax Credits or the federal Employee Retention Credits; therefore, the Department is unable to provide an estimate of this new subtraction modification and its effect on state income tax collections. The Department indicates that the bill would have no fiscal effect on its operations. Any fiscal effect associated with SB 556 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue