

March 1, 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 164 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 164 is respectfully submitted to your committee.

SB 164 would create a new income tax credit for qualified employees of licensed childcare facilities beginning in tax year 2023 and ending in tax year 2025. The income tax credit would be used in the year the taxpayer is or has been a qualified employee of the licensed facility. The credit would not be refundable and could not be carried forward into future tax years. To qualify for the tax credit, an individual would be required to work a minimum of 900 hours at a licensed childcare facility during the tax year.

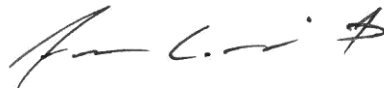
Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$4,300,000)	(\$4,300,000)
Expenditure	--	--	\$99,895	\$99,895
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 164 would decrease State General Fund revenues by \$4.3 million in FY 2024, FY 2025, and FY 2026. To formulate these estimates, the Department of Revenue reviewed data from the Bureau of Labor Statistics which indicate that there were 6,450 Kansas childcare workers in 2021. The maximum credit available would be \$12.9 million, but since this credit would be nonrefundable, it is estimated that only 33.0 percent, or \$4.3 million, would be used each tax year. The Department estimates that to claim the full

\$2,000 credit, a single taxpayer would need to make \$49,000 in Kansas adjusted gross income, and a married taxpayer would need to make \$62,500.

The Department indicates that the bill would require \$99,985 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 164 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