

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2414

As Recommended by House Committee on
Taxation

Brief*

HB 2414 would amend the Child Day Care Services Assistance Tax Credit (credit).

The bill would provide for a 50.0 percent credit, beginning in tax year 2021, for the amount of expenses an employer pays to an organization providing child day care services to the children of employees.

The bill would also raise the amount of the annual credit for employers establishing and operating a facility, either independently or in conjunction with other employers, in Kansas providing child care for the children of their employees from 30.0 percent to 50.0 percent of expenses paid in the establishment and operation of such a facility in all years following the year of establishment of the facility (current law provides for a 50.0 percent credit in the year in which the facility is established). As provided in current law, any payments received for use of the services would be deducted from the expenses subject to the credit.

The bill would allow any income or privilege taxpayer to claim the credit beginning in tax year 2021. Current law limits the credit to corporation income taxpayers.

Background

The bill was introduced by the Committee on Taxation at the request of Representative Adam Smith.

*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>

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Vaughn on behalf of the Early Learning Caucus; a resident of Leavenworth County; and representatives of Kansas Action for Children, the Kansas Children's Service League, and the Greater Kansas City Chamber of Commerce. **Proponents** stated the bill would expand access to quality child care and help to keep people in the workforce by creating additional child care options.

Written-only **proponent** testimony was provided by representatives of the Chamber of Lawrence, Kansas; Child Care Aware of Kansas; the Children's Alliance of Kansas; the Coffeyville Area Chamber of Commerce; The Family Conservancy; the Kansas Chamber of Commerce; Kansas Head Start Association; the Overland Park Chamber of Commerce; SugarCreek Packing Company; United WE; and the Wichita Regional Chamber of Commerce.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department estimates that the bill, if enacted, would reduce State General Fund revenues by \$89,000 in FY 2022, with a similar fiscal effect in future years. The Department also indicates it would require \$97,164 from the State General Fund in FY 2022 to implement the bill and modify the automated tax system. Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Income taxation; tax credits; child day care