

February 9, 2023

The Honorable Sean Tarwater, Chairperson  
House Committee on Commerce, Labor and Economic Development  
300 SW 10th Avenue, Room 346-S  
Topeka, Kansas 66612

Dear Representative Tarwater:

**SUBJECT:** Fiscal Note for HB 2275 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2275 is respectfully submitted to your committee.

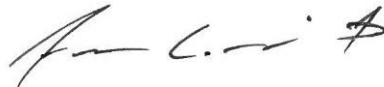
Under current law, purchases from a qualified vendor tax credits are limited to a total of \$5.0 million in tax credits for tax year 2019 through tax year 2023 and the tax credit would sunset after tax year 2023. HB 2275 would eliminate the sunset date and allow a total of \$10.0 million in tax credits to be claimed in tax year 2024 through tax year 2029 and allow a total of \$10.0 million in tax credits to be claimed in future five tax year blocks. The bill would cite the statute that includes this tax credit as the Disability Employment Act. This would merge the definition of “certified business” and “qualified vendor” and modify the requirements for how a business can become a qualified vendor.

The Department of Revenue estimates that HB 2275 would decrease State General Fund revenues by \$500,000 in tax year 2024 or FY 2025. The Department estimates that a similar reduction of State General Fund revenue would occur in future tax years. To formulate these estimates, the Department of Revenue reviewed data on credits claimed from the purchases from qualified vendor tax credits, which show that approximately \$500,000 in credits are claimed each year. However, the bill limits the amount of tax credits that could be claimed to \$10.0 million over the five-year period of tax year 2024 through tax year 2029, and each subsequent five-year period.

The Department of Revenue and the Department of Commerce indicate that the administrative costs associated with implementing the bill would be negligible and could be

absorbed within existing resources. Any fiscal effect associated with HB 2275 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  
Sherry Rentfro, Department of Commerce