

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 363

As Amended by House Committee on
Judiciary

Brief*

SB 363 would authorize a debtor to exempt the Earned Income Tax Credit (EITC) from the bankruptcy proceeding.

The exemption, however, does not limit the rights of offset, attachment, or other process for payment of child support or spousal maintenance.

This bill would be effective upon publication in the *Kansas Register*.

Background

According to the Internal Revenue Services, the EITC is a refundable federal income tax credit for low to moderate income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to have a filing requirement.

The EITC has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI),

*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>

food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.

The proponents of the bill who presented testimony in the Senate Committee hearing were Senator John Vratil, a representative of the Kansas Legal Services, and several attorneys who handle bankruptcy cases.

There were no opponents of the bill who presented testimony in the Senate Committee hearing.

The proponents of the bill who presented testimony in the House Committee were a representative of Kansas Legal Services and local attorneys. Senator John Vratil also submitted written testimony in favor of the bill. No opponents appeared at the House Committee hearing.

The House Committee amended the bill to clarify that the exemption does not limit rights of offset, attachment, or other process for payment of child support or spousal maintenance.

The fiscal note provided on this bill, as introduced, states the Department of Revenue indicates the bill would have no fiscal effect on state revenues.