

January 27, 2023

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 37 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 37 is respectfully submitted to your committee.

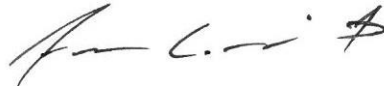
SB 37 would expand the transferability of tax credits issued under the Kansas Housing Investor Tax Credit Act. The bill would allow that any portion of the tax credit that is carried forward can also be transferred to another taxpayer. The bill would remove the current requirement that a qualified investor cannot have a current tax liability at the time of their investment in a qualified housing project or reasonably believe that they will not owe taxes in the current taxable year to be able to transfer the tax credits to another taxpayer. The bill would allow that all or a portion of the tax credit can be transferred by a qualified investor or any subsequent transferee, and there would be no limit on the number of times a tax credit or any portion of a tax credit could be transferred. The transferee would receive all remaining rights and restrictions for the tax credit being transferred on the date of the transfer. The bill would apply to tax credits issued in tax year 2022 and all subsequent years.

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$42,780	\$42,780
FTE Pos.	--	--	--	--

The Department of Revenue indicates SB 37 would have fiscal effect on State General Fund revenue. The bill would allow the Kansas Housing Investor Tax Credit to be transferred to multiple taxpayers; however, the total amount of tax credits would still be capped at \$13.0 million per tax year.

The Department indicates that the bill would require \$42,780 from the State General Fund in FY 2024 to implement the bill and for additional information technology expenditures. 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 37 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
Bobbi Mariani, Insurance Department