

March 7, 2023

The Honorable Adam Smith, Chairperson  
House Committee on Taxation  
300 SW 10th Avenue, Room 346-S  
Topeka, Kansas 66612

Dear Representative Smith:

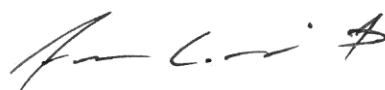
**SUBJECT:** Fiscal Note for HB 2420 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2420 is respectfully submitted to your committee.

HB 2420 would establish withholding requirements for certain employees who work in multiple states and determine employer penalties for not complying with these requirements. This bill would exempt certain employees who perform employment duties in more than one state from income tax withholding and reporting requirements unless the earnings occurred in the state of the employee's residence, or in a state that the employee performed employment duties for more than 30 days during the calendar year.

The Department of Revenue indicates HB 2420 has the potential to increase State General Fund revenue by negligible amounts beginning in FY 2024. No accurate data exists to estimate how many days non-resident employees work in Kansas or the amount of wages earned while in Kansas. The Department indicates that the bill would require \$600 from the State General Fund in FY 2022 to update the withholding tax guide. Any fiscal effect associated with HB 2420 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue