

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2467

As Amended by House Committee on Taxation

Brief*

HB 2467, as amended, would provide a Kansas income tax subtraction modification regarding the compensation of active duty members of the armed forces or certain members of the Kansas Air or Army National Guard. The modification would exempt from income tax up to \$30,000 for individuals or up to \$60,000 for married filing jointly taxpayers if both have qualifying income.

For purposes of the bill, "active duty" would mean full-time duty status in the active uniformed service in the U.S. armed forces or the National Guard. National Guard members would qualify for the exemption if they attended inactive duty training or completed annual training days, drill pay, initial active duty for training, regularly scheduled drill, Title 32 orders, or unit training assembly.

Background

The bill was introduced by Representatives Proctor, Blex, Burris, Collins, Dodson, Ellis, French, Timothy Johnson, Neelly, Resman, Rhiley, Eric Smith, and Waggoner.

House Committee on Taxation

In the House Committee hearing on the bill, as introduced, **proponent** testimony was provided by Representative Proctor, representatives of the Enlisted Association of the National Guard of Kansas and the Kansas

*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>

Council of Chapters of the Military Officers Association of America, and a retired military officer. Proponents generally said the tax incentives created by the bill would encourage members of the military, both active duty and National Guard, to reside in Kansas, resulting in increased state revenue and job creation. Written-only proponent testimony was provided by two retired military officers.

No other testimony was provided.

The House Committee amended the bill to change the beginning tax year from 2022 to 2023.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue (Department) estimated enactment of the bill has the potential to reduce State General Fund revenues by \$20.7 million in FY 2023 and by \$10.4 million in FY 2024.

On February 15, 2022, a representative of the Department stated further research on the policy in the bill indicated the estimated fiscal impact of the bill, as introduced, to be a reduction of \$7.9 million in State General Fund receipts for FY 2023 and \$4.0 million in FY 2024. A fiscal note on the amended bill was not immediately available. Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Military income tax subtraction modification; active duty; national guard; state of residence