

March 10, 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 2419 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2419 is respectfully submitted to your committee.

HB 2419 would create a nonrefundable individual income tax credit to Kansas resident taxpayers of up to \$500 per cat or dog, for up to a total of three animals, for expenses incurred and paid by the taxpayer for care of the animal. The credit would begin in tax year 2023. The taxpayer would be required to provide receipts and documentation to substantiate the expenses incurred and to prove the animal has been spayed or neutered. Eligible expenses would be limited to veterinarian services, premiums and deductibles for pet insurance, medicines and vaccinations, and microchips.

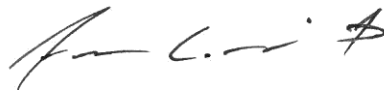
Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$145,900,000)	(\$145,900,000)
Expenditure	--	--	\$94,635	\$94,635
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2419 would decrease State General Fund revenues by \$145.9 million in FY 2024 and subsequent fiscal years. To formulate these estimates, the Department of Revenue assumes that 67.0 percent of Kansas taxpayers have at least one cat or dog as a pet and expend at least \$250 on qualified expenses, resulting in a total credit of \$217.8

million. Because the credit is nonrefundable, the Department assumes that only 65.0 percent, or \$145.9 million, of the credit would be used each year.

The Department indicates that the bill would require \$94,635 from the State General Fund in FY 2024 to implement the bill and to modify the automated tax system. 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 HB 2419 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