

January 30, 2012

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2480 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2480 is respectfully submitted to your committee.

Calculations for Kansas income taxes are based on the Kansas adjusted gross income, which is calculated by adding or subtracting certain types of income from the amount of federal adjusted gross income. HB 2480 would clarify that the subtraction modification from federal adjusted gross income for amounts received by federal civil service retirees as retirement benefits must be from a defined benefit plan.

The Department of Revenue indicates HB 2480 would have no fiscal effect on state revenues or expenditures. The Department indicates that this bill would clarify that distributions from a Thrift Savings Plan account to federal retirees are not exempt from Kansas income taxes. The Department currently requires income taxes to be paid on these distributions. However, if it were determined that distributions from a Thrift Savings Plan account to federal retirees should be exempt from Kansas income taxes, then the fiscal effect would be a reduction of approximately \$6.0 million in State General Fund revenues per fiscal year. Any fiscal effect associated with HB 2480 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue