

March 2, 2007

The Honorable Kenny Wilk, Chairperson  
House Committee on Taxation  
Statehouse, Room 426-S  
Topeka, Kansas 66612

Dear Representative Wilk:

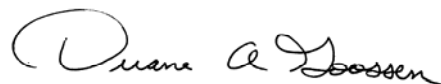
SUBJECT: Fiscal Note for HB 2371 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2371 is respectfully submitted to your committee.

HB 2371 would amend the Kansas National Guard and Reserve Employer Credit. This existing credit for tax years 2006, 2007, and 2008 allows employers to claim an income tax credit for salaries paid to employees who are also members of the Kansas National Guard or a Kansas reserve unit. To qualify, the employee has to have been federally deployed after August 6, 1990, and a new hire following the deployment. If the criteria are met, the employer may claim an income tax credit equal to 25.0 percent of that employee's annual paid salary. The annual amount of each credit may not exceed \$7,000 and may be carried forward. HB 2371 would extend the credit through tax year 2009.

The Department of Revenue estimates that HB 2371 would decrease state revenues by \$1.4 million in FY 2010. This credit is already included in State General Fund revenue assumptions through FY 2009. This bill would require updating the instructions to the income tax form related to this credit, which would not require additional appropriations.

Sincerely,



Duane A. Goossen  
Director of the Budget

cc: Steve Neske, Revenue  
Janice Harper, Adjutant General's Department