

SESSION OF 2006

SUPPLEMENTAL NOTE ON SENATE BILL NO. 444

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 444, as amended, would relax a limitation on income tax refunds resulting from farm net-operating-loss carry backs (NOLs). Under current law, refund amounts in excess of \$1,500 may be carried back or carried forward and applied against other tax years. The bill would authorize the excess refund amounts to be carried forward to any year or years after the losses and be claimed as refundable income tax credits in amounts that could not exceed \$1,500 per year.

Background

The original bill dealt with refunds resulting from all NOLs. At the urging of the Department of Revenue, the bill was amended to apply to only farm NOLs.

A fiscal note from the Department of Revenue indicated that the amended version of the bill would be expected to reduce FY 2007 income tax receipts by about \$0.25 million. An inventory currently exists of \$0.57 million in farm NOL refund claims subject to the current limitation. The department estimated that an additional \$0.25 million of this inventory would be applied against tax year 2006 liability under the Senate Assessment and Taxation Committee version of the bill.

*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>