

SESSION OF 2010

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2465

As Amended by House Committee on
Taxation

Brief*

HB 2465, as amended, would make a number of technical corrections involving the distinction between “refundable” and “non-refundable” income tax credits relative to a 10 percent reduction in such credits that was enacted in 2009 for tax years 2009 and 2010.

Background

A refundable tax credit provides a refund to taxpayers of any amount of credit in excess of their liability. A non-refundable credit does not allow taxpayers to claim a refund to the extent of any excess credit beyond their liability.

The Department of Revenue said that the 10 percent “haircut” legislation approved in 2009 was intended to list all non-refundable credits in subsection (a) of KSA 2009 Supp. 32,264; and all refundable credits in subsection (b).

The bill was requested for introduction by the Department to assure that the two credit types are referenced appropriately in the respective subsections. The House Taxation Committee amended the bill, also at the suggestion of the Department, to further clarify the tax treatment of two different credits (for contributions for deferred maintenance at certain educational institutions; and for capital investments relative to certain declared disasters) which may at different times be both refundable and non-refundable.

Representatives of the Department indicated they were administering the haircut provisions under current law based on their understanding of legislative intent behind the 2009 legislation. The fiscal note indicated that if HB 2465 were not to be enacted to reflect that intent, FY 2010 receipts would decrease by \$0.535 million; and FY 2011 receipts would decrease by a similar amount.

*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>