

KANSAS OFFICE *of*  
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LEGISLATURE *of* THE STATE *of* KANSAS  
*Legislative Attorneys transforming ideas into legislation.*

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**MEMORANDUM**

To: Madam Chairperson and Members of the Committee on Assessment and Taxation  
From: Office of Revisor of Statutes  
Date: January 26, 2023  
Subject: Senate Bill No. 40

**Summary**

Senate Bill No. 40 relates to Kansas adjusted gross income and would provide a subtraction modification to allow the carryforward of certain net operating losses for individuals.

The bill would amend K.S.A. 2022 Supp. 79-32,117(c) to allow the subtraction from federal adjusted gross income, for taxable years beginning after December 31, 2017, for an individual taxpayer who carried back federal net operating losses arising in a taxable year beginning after December 31, 2017, and before January 1, 2021, pursuant to section 172(b)(1) of the Internal Revenue Code as amended by the Coronavirus Aid, Relief, and Economic Security Act (CARES act), the amount of such federal net operating loss carryback for each applicable year.

If the amount of such federal net operating loss carryback exceeds the taxpayer's Kansas adjusted gross income for such taxable year, the amount that exceeds such Kansas adjusted gross income may be carried forward as a subtraction modification in the following taxable year or years until the total amount has been deducted, except that no such unused amount shall be carried forward for deduction as a subtraction modification after the 20th taxable year following the taxable year of the net operating loss. An extension of time to file certain amended tax returns would be allowed.

The bill would take effect from and after its publication in the statute book.