



**House Committee on Taxation  
Testimony in Support of House Bill 2239  
Presented by Kent Eckles**

**Wednesday, February 17, 2021**

Mister Chairman and members of the committee, my name is Kent Eckles on behalf of the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of House Bill 2239 which amends state law regarding the net operating loss (NOL) carryforward standard.

Prior to the passage of the tax cuts and jobs act (TCJA) in December 2017, the federal standard allowed businesses a 20-year carryforward period while Kansas law only allows for 10 years. This discrepancy was an area where the Tax Foundation noted as a reason the Kansas corporate tax climate was uncompetitive compared to other states, and is another recommendation from our Kansas Modernization report of the Kansas tax code.

With the passage of TCJA, that federal standard now allows for an indefinite carryforward period, but at 80% of taxable income rather than the full amount. Kansas' law remains unchanged at the 10-year standard. HB 2239 would change Kansas law to reflect the federal treatment of NOL's, however the carryforward period would be limited to 20-years.

According to the Tax Foundation's report, "The state should explore transitioning to a 20-year carryforward or aligning with the new federal tax law, especially in light of the additional revenues the state generates due to the broader tax base from federal tax reform....A more equitable treatment of net operating losses will make the state more attractive for business and would curtail the inequitable and counterproductive treatment of employers with longer business cycles"

We appreciate the opportunity to testify in support of House Bill 2239, and I am happy to answer any questions at the appropriate time.