

March 9, 2022

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 543 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 543 is respectfully submitted to your committee.

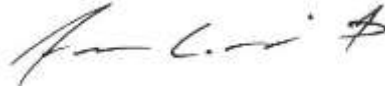
SB 543 would allow taxpayers who carried back federal net operating losses in tax years 2018, 2019, and 2020 on the federal income tax return to also do so on the state income tax return. If the amount of net operating loss carryback exceeds the taxpayer's Kansas adjusted gross income for that taxable year, then the amount that exceeds the Kansas adjusted gross income could be carried forward for up to 20 years.

The Department of Revenue indicates SB 543 would reduce State General Fund revenues by unknown amounts beginning in FY 2023. The Department does not receive the necessary data from the federal Internal Revenue Service Schedule D that would be required to capture the individual net operating loss amount; therefore, the Department is unable to provide an estimate of this new subtraction modification and its effect on state income tax collections.

The Department of Revenue indicates that it would require a total \$160,071 from the State General Fund in FY 2023 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE position to answer questions from taxpayers. The Department estimates that ongoing expenses for salaries and wages for the 1.00 FTE position and overhead expenses would total \$60,616 from the State General Fund in FY 2024. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is

too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with SB 543 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue