

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2239

As Amended by House Committee on Taxation

Brief*

HB 2239, as amended, would allow Kansas income taxpayers to carry forward net operating losses indefinitely, beginning with such losses incurred in tax year 2018. Current law provides for net operating losses to be carried forward for 10 years.

Background

The bill was introduced by the House Committee on Taxation.

[*Note:* the bill contains provisions similar to those of 2020 HB 2388, as recommended by the House Committee on Taxation, and which became part of 2020 HB 2033 as vetoed by the Governor.]

House Committee on Taxation

At the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Chamber of Commerce, T-Mobile, and the Wichita Regional Chamber of Commerce. Written-only **proponent** testimony was provided by the Kansas Agribusiness Retailers Association, the Kansas Grain and Feed Association, Renew Kansas Biofuels Association, and the National Federation of Independent Business. Proponents stated a longer carry forward period would more effectively allow taxpayers to account for

*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>

business expenses and remove a competitive disadvantage for job creation and capital investments in Kansas as compared with other states.

No other testimony was provided.

The House Committee adopted an amendment to allow losses to be carried forward indefinitely, as opposed to 20 years as found in the bill as introduced.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would result in a reduction of State General Fund revenues of approximately \$1.9 million per year beginning in FY 2029 or 2030. The Department of Revenue indicates the House Committee amendment to the bill would result in the annual \$1.9 million reduction in revenues becoming permanent for all years after FY 2029 or 2030. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Income taxation; net operating loss carryforward