

SESSION OF 2022

SUPPLEMENTAL NOTE ON SENATE BILL NO. 556

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 556, as amended, would create income tax exemptions for the federal deduction disallowances associated with the federal Work Opportunity Tax Credit, or similar credits, and the federal Employee Retention Credit.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of a representative of the Kansas Restaurant and Hospitality Association.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a representative of Mize CPA and a McDonald's restaurant franchisee, generally stating the bill would allow employers who used the federal tax credits to claim the business expenses generating those credits on their state income taxes.

No other testimony was provided.

The Senate Committee amended the bill to remove a provision that would have sunset the Employee Retention Credit provision after tax year 2021.

*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>

Fiscal Information

According to the Department of Revenue, the Department does not have the data necessary to determine the impact of the exemptions. However, enactment of the bill would result in an indeterminate reduction of State General Fund receipts. Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; income tax; exemption; work opportunity tax credit; employee retention credit