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MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: March 14, 2023

Subject: Senate Bill No. 33

Summary

Senate Bill No. 33 provides for the following Kansas income tax subtraction modifications:

- (1) Commencing for tax year 2020, the work opportunity credit and the employee retention credit disallowance to the extent of 25% of the amount of such disallowance;
- (2) commencing for tax year 2023, all benefits received from federal social security act that are included in federal adjusted gross income of the taxpayer;
- (3) commencing for tax year 2024, all amounts received by retired individuals under all retirement plans to the extent include in federal adjusted gross income;
- (4) commencing for tax years 2018 - 2020, federal net operating losses arising allowed pursuant to the CARES Act as a carryback. Such carryback would be allowed to be carried forward for up to 20 taxable years. Additionally, for tax years 2018-2020, taxpayers would be eligible to submit a claim for refund or amended return limited to this provision before April 15, 2025.

The Kansas standard deduction would be indexed to the cost-of-living adjustment starting in tax year 2023.

For the calculation of the homestead property tax refund act that was enacted in 2022, “household income” would exclude all income received from the federal social security act. Additionally, the limit on the appraised value of the homestead is increased from \$350,000 to \$595,000 and such increase would be further increased each year to reflect the average percentage change in statewide residential valuation of existing residential real property for the preceding 10 years. The household income and appraised value changes would apply retroactive for tax year 2022.