

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 313

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 313, as amended, would clarify that the tax on electing entities under the SALT Parity Act would be levied on:

- The *pro rata* or distributive share of the entity's income for each nonresident owner that is attributable to the Kansas; and
- The *pro rata* or distributive share of the entity's income for each resident owner calculated either before or after allocation and apportionment to Kansas. Entities would be required to use the same method of calculation for all resident owners.

The bill would provide that tax credits attributable to the electing entity would be passed through to and claimed by the entity owner.

The provisions of the bill would be retroactive to tax year 2022.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Tyson.

*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>

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Kansas Society of Certified Public Accountants, who generally stated the bill would resolve technical discrepancies related to the SALT Parity Act. Written-only proponent testimony was provided by a representative of the Kansas Chamber of Commerce.

No other testimony was provided.

The Senate Committee amended the bill to make the calculation of income before or after apportionment optional for resident taxpayers.

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 have no effect on state receipts.

Taxation; income tax; SALT Parity Act; residency; tax credits