

SESSION OF 2023

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 40**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

SB 40 would create a subtraction modification allowing taxpayers who carried back federal net operating losses in tax year 2018 through 2020 pursuant to the federal CARES Act to subtract such amounts from their income for purposes of determining Kansas adjusted gross income. Taxpayers would be permitted to carry forward such net operating loss for up to 20 years if the amount exceeds the Kansas adjusted gross income of the taxpayer.

The bill would extend the deadline for eligible taxpayers to file amended returns for tax years 2018 through 2020 until April 15, 2025.

**Background**

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

***Senate Committee on Assessment and Taxation***

In the Senate Committee hearing, **proponent** testimony was provided by representatives of BridgeBuilder Tax and Legal Services and the National Federation of Independent Businesses. Proponents stated the bill would allow Kansas taxpayers to benefit from 2020 changes to the federal tax code.

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\*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>

No other testimony was provided.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue estimates enactment of the bill would reduce State General Fund receipts by \$8.4 million in FY 2024 and \$8.4 million in FY 2025. The bill would have no fiscal effect after those years. Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; income tax; net operating losses; carry back; carry forward