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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: January 23, 2024

Subject: Senate Bill No. 40

Summary

Seante Bill No. 40 allows for certain net operating losses to be carried forward and makes changes to the Kansas Homestead program.

Section 1

Net operating losses

For tax years 2018 through 2020, taxpayers that carried back federal net operating losses would be allowed to carry forward the loss that exceeds the taxpayer's Kansas adjusted gross income for such taxable year. The taxpayer would be allowed to carry forward the loss for 20 tax years. Taxpayers would be allowed to file amended returns for tax years 2018, 2019 and 2020 for this limited application.

Section 2

Homestead program

When determining eligibility under the homestead program allowing for refunds of property taxes that exceed a base year:

- (1) Household income would exclude social security payments
- (2) Homestead income threshold would increase from \$50,000 to \$75,000
- (3) The appraised value of the homestead would increase from \$350,000 to \$595,000 and the threshold would be subject to further increases in subsequent years

The changes would apply retroactively to tax year 2022 and taxpayers would be allowed until April 15, 2024, to file an amended return.