

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2761

As Recommended by House Committee on
Taxation

Brief*

HB 2761 would remove a restriction under current law preventing Kansas individual income taxpayers from itemizing deductions for state income tax purposes unless they also are itemizing deductions for federal income tax purposes. Beginning with tax year 2018, the bill would provide an option to take Kansas itemized deductions regardless of whether itemized or standard deductions are being claimed at the federal level.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Johnson. During the hearing before the House Committee on March 14, 2018, representatives from the Kansas Association of Realtors, the Kansas Chamber, and the Kansas Building Industry Association spoke in favor of the bill, explaining the bill would ensure that federal tax cuts would be realized by taxpayers rather than state government.

There was no opponent testimony.

A representative of the Kansas Center for Economic Growth provided written-only testimony neutral to the bill, expressing concern the bill could aggravate the State's structural deficit.

*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>

The original fiscal note prepared by the Division of the Budget on March 13, 2018, indicated the Department of Revenue expected the bill to reduce FY 2019 individual income tax receipts to the State General Fund (SGF) by \$34.5 million; and the Department of Revenue (KDOR) would incur \$188,384 in administrative costs.

A corrected fiscal note issued on March 30, 2018, retained the administrative cost estimate but stated KDOR was no longer able to provide a specific estimate as to the reduction in SGF receipts.