

# RECENT STATE AND FEDERAL ITEMIZED DEDUCTIONS CHANGES

Special Committee on Taxation

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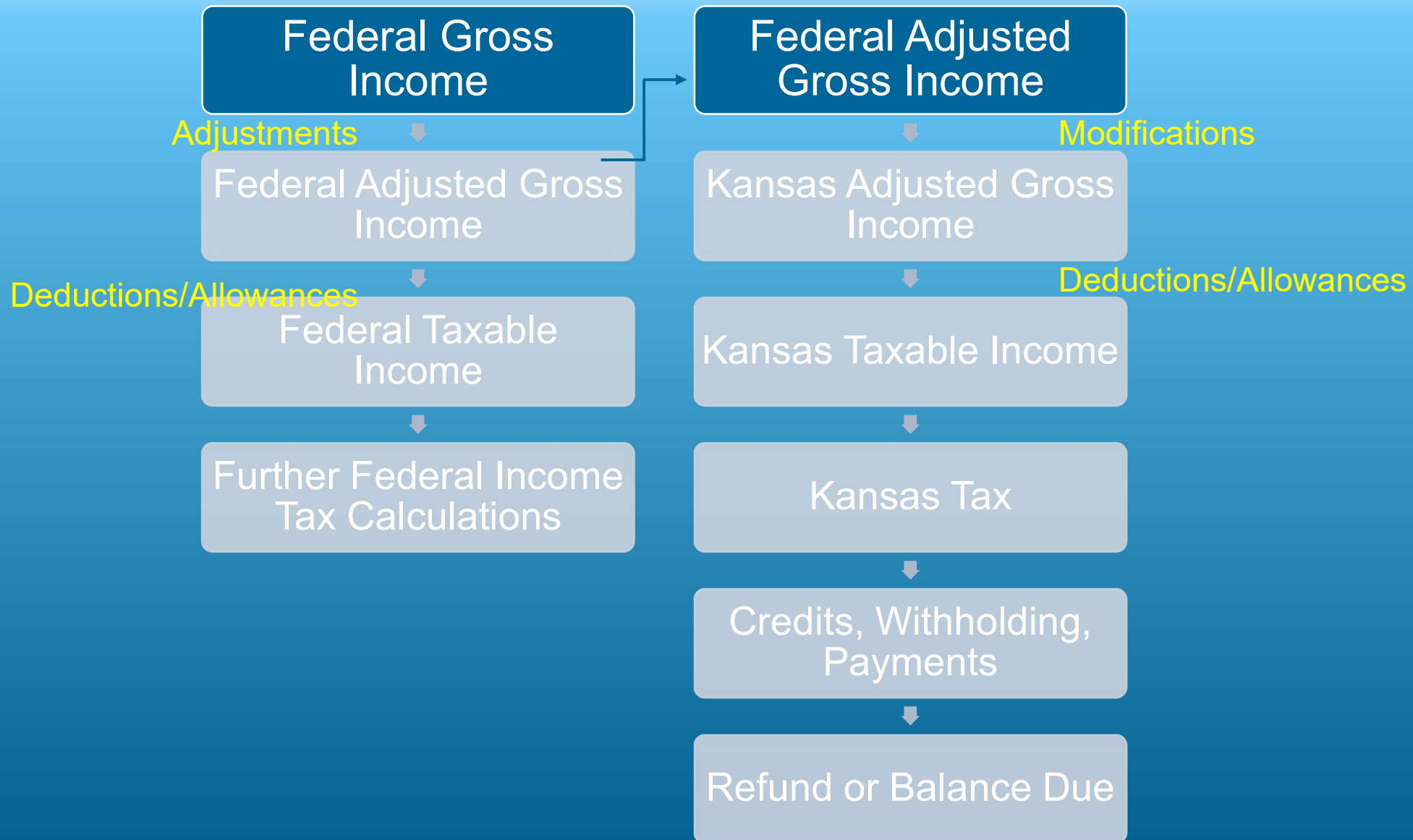


**KLRD**

**Kansas Legislative Research Department**

*Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934*

# Income Tax Progression



# Deductions

**Major component of movement from Adjusted Gross  
Income to Taxable Income**

**Deductions account for expenses that, as a matter of  
public policy, legislators have decided should be  
eligible to reduce income subject to tax**

**Itemized deductions are for specific expenses**

**Standard deduction is an alternative for unspecified  
expenses**

# Kansas Itemized Deductions



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**2013 Legislation eliminated gambling losses deduction and reduced all other deductions by 30 percent in 2013 and 35 percent in 2014.**

**2015 Legislation reinstated 100 percent deduction for charitable contributions, but otherwise limited to 50 percent of mortgage interest and property taxes paid.**

**2017 Legislation reinstated 50 percent of medical for TY 2018 and increased medical, mortgage interest and property taxes to 75 percent in TY 2019 and 100 percent in TY 2020.**

# Kansas Itemized Deductions



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Prior to 2021, Kansans were only allowed to itemize at the state level if they itemized at the federal level.

SB 50 included a provision giving taxpayers the option to itemize at the state level, even if they take the federal standard deduction.

In 2013, disparity between Kansas and federal standard deduction for married joint filers was \$4,700. In 2020, disparity was \$17,300.

# 2017 Federal Tax Reform



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One of the federal itemized deductions is for state and local taxes paid. Kansas uses this as the basis for its property taxes paid itemized deduction.

2017 federal law changes capped the “SALT” deduction at \$10,000 per year through tax year 2025.

Since that time, 19 states have passed some legislation to attempt to lessen the impact of this federal tax change on their own taxpayers—usually this comes in the form of an election for certain pass through entities to pay income tax at the entity level and then extending entity owners a tax credit for the amount of tax paid by the entity.

# Current Congressional Activity **KLRD**

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Recent federal legislative proposals have called for eliminating the cap on SALT deductions or raising the cap.

House of Representatives Reconciliation Legislation included increasing the cap to \$80,000.

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