



**House Committee on Taxation  
Testimony in Support of House Bill 2388  
Presented by Eric Stafford, Vice President of Government Affairs**

**Monday, March 18, 2019**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of House Bill 2388 which amends state law regarding the net operating loss (NOL) carryforward standard, and bonus depreciation.

Prior to the passage of the tax cuts and jobs act (TCJA) in December 2017, the federal standard allowed businesses a 20-year carryforward period while Kansas law only allows for 10 years. This discrepancy was an area where the Tax Foundation noted as a reason the Kansas corporate tax climate was uncompetitive compared to other states.

With the passage of TCJA, that federal standard now allows for an indefinite carryforward period, but at 80% of taxable income rather than the full amount. Kansas' law remains unchanged at the 10-year standard and limits the amount allowed to 80% of taxable income. HB 2388 would change to a 20-year standard limited to 100% of taxable income.

Additionally, HB 2388 modifies the bonus depreciation guidelines. Pre TCJA, businesses could claim a first-year bonus depreciation equal to 50% of the value of qualifying assets. Now the federal standard allows for 100% first-year bonus depreciation for qualifying assets (although this change is currently a temporary benefit set to begin phase out in 2023).

HB 2388 allows the taxpayer the option to elect out of bonus depreciation at the Kansas level. Based on information we've received, taxpayers have the election to opt out of bonus depreciation at the federal level as HB 2388 proposes.

We appreciate the opportunity to testify in support of House Bill 2388, and I am happy to answer any questions at the appropriate time.