

SESSION OF 2020

## **SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2005**

As Amended by House Committee on Taxation

### **Brief\***

HB 2005, as amended, would remove the restriction that prevents Kansas individual income taxpayers from itemizing deductions for state income tax purposes unless they also itemize deductions for federal income tax purposes.

Beginning with tax year 2020, the bill would provide an option to claim Kansas itemized deductions regardless of whether itemized deductions or the standard deduction are claimed for federal tax purposes.

### **Background**

The bill was introduced by Representative Bishop during the 2019 Session.

In the House Committee hearing on January 29, 2020, representatives of the Kansas Association of Realtors, the Kansas Policy Institute, and the National Federation of Independent Business provided proponent testimony. Written-only proponent testimony was submitted by the Kansas Building Industry Association, the Overland Park Chamber of Commerce, and the Wichita Regional Chamber of Commerce. A representative of Kansas Action for Children provided opponent testimony. Written-only opponent testimony was submitted by Kansas Appleseed, the Kansas National Education Association, the Kansas Organization of State Employees, and the Mainstream Coalition. A representative of the Kansas Chamber provided neutral testimony.

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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>

Similar language authorizing all individual income taxpayers to itemize was approved by the Legislature twice in 2019: SB 22 and HB 2033. Both bills were vetoed by the Governor.

The bill, as introduced, would have been effective beginning with tax year 2018 returns. The House Committee amended the bill to provide prospective application, making it effective for tax year 2020 and thereafter.

A fiscal note provided by the Division of the Budget on the bill, as introduced, indicated that the Department of Revenue would be expected to incur an additional \$285,280 in administrative costs beginning in FY 2021. The Department of Revenue stated verbally that after the amendment making the bill effective for tax year 2020, State General Fund receipts would be expected to be reduced by \$60.3 million in FY 2021; \$60.9 million in FY 2022; and \$61.5 million in FY 2023. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.