

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2232**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

Senate Sub. for HB 2232 would permit, for individual income tax year 2006, a taxpayer to carry back a net operating loss incurred from the sale at a loss of a historic hotel located in a community with less than 2,500 citizens and improved by funds borrowed against the hotel and farmland owned by the taxpayer that is located within 20 miles of the hotel, for up to 3 years to offset the gain on the sale of such farmland if the majority of the proceeds from the sale of the farmland were used to pay off the mortgage on the historic hotel.

The bill would permit the taxpayer to file an amended return for the three prior years.

**Background**

The bill was introduced by the House Committee on Taxation at the request of Representative V. Miller and concerned the development of certain continuing education courses for appraisers. Those provisions were enacted into law by 2023 HB 2002.

***Senate Committee on Assessment and Taxation***

There was no hearing on the bill in the Senate Committee. No testimony was provided. The Senate

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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>

Committee removed the contents of HB 2232 and inserted the amended contents of SB 125. Background information for SB 125 is provided below.

***SB 125 (Historic Hotel Net Operating Losses)***

SB 125 was introduced by the Senate Committee on Assessment and Taxation at the request of a private citizen.

*Senate Committee on Assessment and Taxation*

In the Senate Committee hearing, a private citizen testified as a **proponent**, stating the bill would allow him to offset a loss he incurred from the sale of a historic hotel in 2006 against gains he incurred from a 2005 sale of farmland.

No other testimony was provided.

The Senate Committee amended the bill to remove a provision that would have provided interest to be paid to the taxpayer.

**Fiscal information**

According to the fiscal note prepared by the Division of the Budget on SB 125, as introduced, the Department of Revenue estimates enactment of the bill would result in a reduction of revenues to the State General Fund, but is unable to provide a specific estimate due to taxpayer confidentiality rules.

Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget*.

Taxation; income tax; net operating loss; historic hotel