

SESSION OF 2020

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 196**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

SB 196, as amended, would allow individual income taxpayers to begin claiming the expensing deduction (provided by KSA 79-32,143a) for the costs of placing certain tangible property and computer software into service in the state beginning in tax year 2020. The bill also would require all taxpayers claiming the Kansas expensing deduction to offset the amount of federal expensing deduction claimed pursuant to Section 179 of the federal Internal Revenue Code beginning in tax year 2020.

**Background**

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of the Kansas Chamber of Commerce.

In the Senate Committee hearing, representatives of the Kansas Chamber of Commerce and the Kansas Policy Institute testified in support of the bill, stating the bill would correct an unintended consequence of previous tax reform bills and align Kansas with federal law related to expensing deductions. A representative of the Kansas Restaurant and Hospitality Association testified in opposition to the bill, stating it would compound problems the federal expensing deduction law poses for the restaurant industry.

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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>

The Senate Committee amended the bill to change the tax year in which the provisions become effective to 2020 and adopted a technical amendment to update statutory references within the bill.

According to a fiscal estimate provided by the Kansas Department of Revenue upon Senate Committee action, the amended bill would increase state revenues by \$2.2 million in FY 2021, \$2.3 million in FY 2022, and \$2.4 million in FY 2023. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.