

SESSION OF 2003

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 146**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

SB 146 would prospectively decouple the Kansas income tax from any future federal exclusion of dividend income. Specifically, any amount of dividend income excluded from federal adjusted gross income pursuant to any amendments to the federal Internal Revenue Code enacted after December 31, 2002, would be required to be added back as part of the computation to arrive at Kansas adjusted gross income.

**Background**

The bill ties the Kansas tax treatment of dividend income to the federal tax treatment in effect on December 31, 2002.

The Department of Revenue indicated that if the federal government were to enact the federal dividend exclusion currently under consideration, Kansas individual income tax collections would be expected to be reduced by \$51 million in FY 2004.

The bill does not have any fiscal note at the present time, as consensus revenue estimates are based on current state and federal law.

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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/kldr>