

SESSION OF 2005

SUPPLEMENTAL NOTE ON SENATE BILL NO. 256

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 256 would provide an individual income tax exemption beginning in tax year 2005 for recruitment, sign-up, or retention bonuses received by taxpayers who are or were members of the U.S. armed forces, including the Kansas Army and Air National Guard. The bill similarly would exempt educational and student loan repayments received by taxpayers as incentives related to their service in the U.S. armed forces, including the Kansas Guard.

Background

The bonuses and loan repayments offered as incentives are normally taxable at the federal level, according to the Department of Revenue. The bill provides for a statutory subtraction of such incentives from federal adjusted gross income prior to the derivation of Kansas adjusted gross income.

Proponents included Senator Taddiken and Major General Tod Bunting.

A fiscal note produced by the Department of Revenue indicated that the exemptions would be expected to reduce FY 2006 receipts by about \$0.587 million.

*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>