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MEMORANDUM

To: Senate Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: February 19, 2024
Subject: House Bill No. 2465

Summary

House Bill No. 2465 would clarify the determination of taxable income of an electing pass-through entity and provide for the passing through of tax credits to electing pass-through entity owners for the SALT Parity Act.

The bill would amend K.S.A. 2022 Supp. 79-32,287(a) to provide that the tax is calculated based on the sum of:

- (1) Each resident and nonresident electing pass-through entity owner's pro rata or distributive share of the electing pass-through entity's income attributable to the state; and
- (2) each resident electing pass-through entity owner's pro rata or distributive share of the electing pass-through entity's income not attributable to the state.

The bill would also amend subsection (c) to provide that tax credits attributable to the activities of the electing pass-through entity shall be passed through to and claimed by the electing pass-through entity owner.

The provisions would apply to taxable years commencing on or after January 1, 2022.

The bill would take effect from and after its publication in the statute book.

The bill passed the House on March 29, 2023, on a vote of 124-0.