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MEMORANDUM

To: Madam Chairperson and Members of the Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: March 1, 2023
Subject: Senate Bill No. 147

Summary

Senate Bill No. 147 relates to income tax and would increase the amount of the tax credit for adoption expenses and make the credit refundable.

Currently, K.S.A. 79-32,202a(a) provides a tax credit to resident individuals for adoption expenses in an amount equal to 25% of the amount of the credit allowed against such taxpayer's federal income tax liability pursuant to Section 23 of the federal Internal Revenue Code. In addition, another 25% is allowed if the child adopted by the taxpayer was a resident of Kansas prior to such lawful adoption, and another 25% is allowed if the child adopted by the taxpayer is a child with special needs. A \$1,500 tax credit is also allowed under subsection (b) for the tax year in which occurs the lawful adoption of a child in the custody of the Secretary for Children and Families or a child with special needs. Excess credit amounts may be carried over to succeeding tax years until the total amount has been deducted.

The bill would amend K.S.A. 79-32,202a(a) to discontinue the 25% provisions after tax year 2022 and to increase the amount of the credit provided in subsection (a) to an amount equal to 100% of the amount of such federal credit beginning with tax year 2023. The \$1,500 tax credit of subsection (b) would not change. The bill would also amend the statute to provide that for tax year 2023, and thereafter, if the tax credit amount allowed by the new subsection (a)(2) and (b) exceeds the taxpayer's income tax liability, the excess amount shall be refunded to the taxpayer.

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