

HOUSE BILL No. 2457

By Committee on Taxation

3-13

1 AN ACT concerning taxation; relating to income tax; providing a 4.95%
2 tax rate for individuals and decreasing the normal tax for corporations;
3 discontinuing possible future corporate rate decreases as a result of
4 agreements under the attracting powerful economic expansion program
5 act, increasing the income limit to qualify for a subtraction
6 modification for social security income; providing that all social
7 security benefits qualify for the subtraction modification commencing
8 in tax year 2026; increasing the Kansas standard deduction by a cost-
9 of-living adjustment; discontinuing the food sales tax credit; relating to
10 sales and compensating use tax; reducing the rate of tax on sales of
11 food and food ingredients; relating to property tax; increasing the
12 extent of exemption for residential property from the statewide school
13 levy; relating to privilege tax rates; decreasing the surtax; amending
14 K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-50,321, 79-
15 201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603, 79-3603d,
16 79-3620, 79-3703 and 79-3710 and repealing the existing sections.
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18 *Be it enacted by the Legislature of the State of Kansas:*

19 Section 1. K.S.A. 2022 Supp. 74-50,321 is hereby amended to read as
20 follows: 74-50,321. (a) Commencing with fiscal year 2022, in any fiscal
21 year that a qualified firm enters into an agreement with the secretary of
22 commerce for the first time pursuant to K.S.A. 2022 Supp. 74-50,312, and
23 amendments thereto, and commences construction on a qualified business
24 facility under this act the secretary of commerce shall certify such fact to
25 the secretary of revenue, the director of the budget and the director of
26 legislative research. Such certification shall be made when such fact is
27 known to the secretary, but in any event on or before June 30 of such fiscal
28 year.

29 (b) Upon receipt of such certification, the secretary of revenue shall
30 adjust the corporate income tax rate imposed pursuant to the provisions of
31 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next
32 tax year by reducing the rate by 0.5%. The maximum reduction to be
33 applied for one taxable year shall be 0.5% regardless of the number of
34 eligible qualifying firms that may have satisfied the conditions of
35 subsection (a).

36 (c) The rate reduction of 0.5% shall be applied to reduce the normal

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1 tax on corporations imposed pursuant to K.S.A. 79-32,110, and
2 amendments thereto, until reduced to 0%.

3 (d) The secretary of revenue shall report any reduction in corporate
4 income tax rates pursuant to this section to the chairpersons of the senate
5 standing committees on assessment and taxation and commerce, the
6 chairpersons of the house of representatives standing committees on
7 commerce, labor and economic development and taxation and the
8 governor, and shall cause notice of any such reduction to be published in
9 the Kansas register prior to September 15 of the calendar year immediately
10 preceding the tax year in which such reduction takes effect.

11 (e) ~~The provisions of this section shall expire and have no effect on~~
12 ~~and after July 1, 2023.~~

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13 Sec. 2. K.S.A. 2022 Supp. 79-201x is hereby amended to read as
14 follows: 79-201x. (a) For taxable year ~~2022~~ 2023, and all taxable years
15 thereafter, the following described property, to the extent herein specified,
16 shall be and is hereby exempt from the property tax levied pursuant to the
17 provisions of K.S.A. 72-5142, and amendments thereto: Property used for
18 residential purposes to the extent of ~~\$40,000~~ \$65,000 of its appraised
19 valuation.

20 (b) For taxable year ~~2022~~ 2024, and all taxable years thereafter, the
21 dollar amount of the extent of appraised valuation that is exempt pursuant
22 to subsection (a) shall be adjusted to reflect the average percentage change
23 in statewide residential valuation of all residential real property for the
24 preceding 10 years. Such average percentage change shall not be less than
25 zero. The director of property valuation shall calculate the average
26 percentage change for purposes of this annual adjustment and calculate the
27 dollar amount of the extent of appraised valuation that is exempt pursuant
28 to this section each year.

29 Sec. 3. K.S.A. 79-1107 is hereby amended to read as follows: 79-
30 1107. (a) Every national banking association and state bank located or
31 doing business within the state shall pay to the state for the privilege of
32 doing business within the state a tax according to or measured by its net
33 income for the next preceding taxable year to be computed as provided in
34 this act. Such tax shall consist of a normal tax and a surtax and shall be
35 computed as follows:

36 (b)(1) (A) For tax years prior to tax year ~~2022~~, the normal tax shall

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37 be an amount equal to ~~2.4%~~ 2.25% of such net income; and

38 (B) for tax year ~~2023~~, and all tax years thereafter, the normal tax

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39 shall be an amount equal to 1.625% of such net income; and

40 (b)(2) the surtax shall be an amount equal to ~~2.4%~~ 2.125% of such
41 net income in excess of \$25,000.

42 (b) The tax levied shall be in lieu of ad valorem taxes which might
43 otherwise be imposed by the state or political subdivisions thereof upon

1 shares of capital stock or the intangible assets of national banking
2 associations and state banks.

3 Sec. 4. K.S.A. 79-1108 is hereby amended to read as follows: 79-
4 1108. (d) Every trust company and savings and loan association located or
5 doing business within the state shall pay to the state for the privilege of
6 doing business within the state a tax according to or measured by its net
7 income for the next preceding taxable year to be computed as provided in
8 this act. Such tax shall consist of a normal tax and a surtax and shall be
9 computed as follows:

10 ~~(A) For tax years prior to tax year 2022,~~ the normal tax on
11 every trust company and savings and loan association shall be an amount
12 equal to ~~2.4%~~ 2.25% of such net income; and

13 ~~(B) for tax year 2023, and all tax years thereafter, the normal tax on~~
14 ~~every trust company and savings and loan association shall be an amount~~
15 ~~equal to 1.61% of such net income;~~
16 ~~(A)(2) the surtax on every trust company and savings and loan~~
17 ~~association shall be an amount equal to 2.4%~~ 2.25% of such net income in
18 excess of \$25,000.

19 (b) The tax levied shall be in lieu of ad valorem taxes which might
20 otherwise be imposed by the state or political subdivision thereof upon
21 shares of capital stock or other intangible assets of trust companies and
22 savings and loan associations.

23 Sec. 5. K.S.A. 2022 Supp. 79-32,110 is hereby amended to read as
24 follows: 79-32,110. (a) *Resident individuals.* Except as otherwise provided
25 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
26 upon the Kansas taxable income of every resident individual, which tax
27 shall be computed in accordance with the following tax schedules:

28 (1) *Married individuals filing joint returns.*

29 (A) ~~For tax year 2012:~~

30	If the taxable income is:	The tax is:
31	Not over \$30,000.....	3.5% of Kansas taxable income
32	Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess over \$30,000
33	Over \$60,000.....	\$2,925 plus 6.45% of excess over \$60,000

34 (B) ~~For tax year 2013:~~

35	If the taxable income is:	The tax is:
36	Not over \$30,000.....	3.0% of Kansas taxable income
37	Over \$30,000.....	\$900 plus 4.9% of excess over \$30,000

38 (C) ~~For tax year 2014:~~

39	If the taxable income is:	The tax is:
40	Not over \$30,000.....	2.7% of Kansas taxable income

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1 _____ \$15,000

2 ~~(B)~~ For tax year 2017:

3 If the taxable income is: _____ The tax is:

4 Not over \$15,000..... 2.9% of Kansas taxable income

5 Over \$15,000 but not over \$30,000..... \$425 plus 4.9% of excess over

6 _____ \$15,000

7 Over \$30,000..... \$1,170 plus 5.2% of excess over

8 _____ \$30,000

9 ~~(F)~~ For tax years 2018, and all tax years thereafter through 2023:

10 If the taxable income is: _____ The tax is:

11 Not over \$15,000..... 3.1% of Kansas taxable income

12 Over \$15,000 but not over \$30,000..... \$465 plus 5.25% of excess

13 _____ over \$15,000

14 Over \$30,000..... \$1,252.50 plus 5.7% of excess

15 _____ over \$30,000

16 _____

17 (3) All resident individuals. For tax year 2024, and all tax years
18 thereafter, for all individuals regardless of filing status, the tax shall be in
19 an amount equal to 4.95% of the Kansas taxable income that is in excess
20 of:

21 (A) \$11,250 for married individuals filing joint returns; and

22 (B) \$5,624 for all other individuals.

23 (b) Nonresident individuals. A tax is hereby imposed upon the Kansas
24 taxable income of every nonresident individual, which tax shall be an
25 amount equal to the tax computed under subsection (a) as if the
26 nonresident were a resident multiplied by the ratio of modified Kansas
27 source income to Kansas adjusted gross income.

28 (c) Corporations. A tax is hereby imposed upon the Kansas taxable
29 income of every corporation doing business within this state or deriving
30 income from sources within this state.

31 (1) For tax years prior to tax year 2023, such tax shall consist of a
32 normal tax and a surtax and shall be computed as follows unless otherwise
33 modified pursuant to K.S.A. 2022 Supp. 74-50,321, and amendments
34 thereto:

35 (A) The normal tax shall be in an amount equal to 4% of the
36 Kansas taxable income of such corporation; and

37 (B) The surtax shall be in an amount equal to 3% of the Kansas
38 taxable income of such corporation in excess of \$50,000.

39 (2) For tax year 2023, and all tax years thereafter, such tax shall
40 consist of a normal tax and a surtax and shall be computed as follows:

41 (A) The normal tax shall be in an amount equal to 3% of the Kansas
42 taxable income of such corporation; and
43 (B) the surtax shall be in an amount equal to 3% of the Kansas

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