

KANSAS OFFICE of
REVISOR of STATUTES

LEGISLATURE of THE STATE of KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Senate Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: March 12, 2024
Subject: Senate Bill No. 539

Summary

Senate Bill No. 539 concerns taxation and relates to property tax, income tax, privilege tax and sales and compensating use tax.

Property Tax

Section 1 would amend K.S.A. 2023 Supp. 79-201x to increase the extent of the exemption for residential property from the statewide school levy to \$80,000 of its appraised valuation for tax year 2024 and all years thereafter. The annual adjustment would commence with tax year 2025.

Income Tax

Section 4 would amend K.S.A. 2023 Supp. 79-32,110 to provide individual income tax rates as follows:

- (A) 5.7% of Kansas taxable income for tax year 2024;
- (B) 5.65% of Kansas taxable income for tax year 2025;
- (C) 5.6% of Kansas taxable income for tax year 2026;
- (D) 5.55% of Kansas taxable income for tax year 2027;
- (E) 5.5% of Kansas taxable income for tax year 2028; and
- (F) 5.45% of Kansas taxable income for tax year 2029, and all tax years thereafter.

The bill would discontinue the zero tax liability provision for married individuals filing joint returns with taxable income of \$5,000 or less, and all other individuals with taxable income of \$2,500 or less, in subsection (e) after tax year 2023.

KANSAS OFFICE of
REVISOR of STATUTES
LEGISLATURE of THE STATE of KANSAS

Section 5 would amend K.S.A. 2023 Supp. 79-32,117 to increase the income limit from \$75,000 to \$100,000 to qualify for the subtraction modification for social security income beginning with tax year 2024 and to provide a formula to phase out the exemption for taxpayers with federal adjusted gross income of greater than \$100,000 and less than \$125,000. (pages 12-13)

Section 6 would amend K.S.A. 2023 Supp. 79-32,119 to increase the standard deduction for the single individual filing status from \$3,500 to \$4,000 beginning with tax year 2024 and providing a cost-of-living adjustment for all filing statuses for tax year 2025, and each tax year thereafter.

Section 7 would amend K.S.A. 2023 Supp. 79-32,121 to increase the Kansas personal exemption beginning with tax year 2024 to \$22,000 in the case of married individuals filing a joint return, \$11,000 in the case of all other individuals with a filing status of single, head of household or married filing separate, and an additional \$3,000 for each dependent for which such individual taxpayer is entitled to a deduction for the taxable year for federal income tax purposes and to include a cost-of-living adjustment beginning with tax year 2025. Currently, the Kansas personal exemption is \$2,250 for each exemption for which the individual is entitled to a deduction for federal income tax purposes.

Privilege Tax

The bill would decrease the privilege tax rates on banks, trust companies and savings and loan associations by reducing the normal tax rates. The bill does not amend the surtax rates. Section 2 would amend K.S.A. 79-1107 to reduce the normal tax rate on banks to 1.94% for tax year 2025, and to 1.63% for tax year 2026, and all tax years thereafter. Section 3 would amend K.S.A. 79-1108 to reduce the normal tax rate on trust companies and savings and loan associations to 1.93% for tax year 2025, and to 1.61% for tax year 2026, and all tax years thereafter.

Sales and Compensating Use Taxes

Section 9 would amend K.S.A. 2023 Supp. 79-3603d to reduce the state rate of tax on sales of food and food ingredients to 0% commencing on July 1, 2024. Currently, the rate is scheduled to change from 2% to 0% on January 1, 2025. Sections 8, 10, 11 and 12 would amend related statutes to increase the state highway fund percent of sales and compensating use tax revenue to 18% commencing July 1, 2024. The state highway fund percent change is currently scheduled to take place January 1, 2025.

The bill would take effect from and after its publication in the Kansas register.